Gorbachev Sees

'Real' Chance of

50% Arms Cut

"that is not a subject for negotiation."

had long been suspected in the West.

he said. SDI stands for the

Strategic Defense Initiative.

fenses, also known as "star

Mr. Gorbachev insisted that the Soviet program has not gone beyond research. "We will oot build SDI, we will not deploy SDI and we call upon the United State to do liberties" he said.

likewise, he said.
lo Mr. Gorbachev's first inter-

Mr. Gorbachev's comments,

flected Soviet policy in current

arms cootrol negotiations and did

Addressing the American peo-

oot appear to open new ground.

wars.

WASHINGTON - Mikhail S. Gorbachev, the Soviet

leader, said in a television interview Monday night that

"there are real prospects" of a 50-percent cut in U.S.-Soviet long-range nuclear missiles and that as long as President Ronald Reagan's program for a missile-defense system "does not run counter" to the Anti-Ballistic Missile Treaty.

Mr. Gorbachev also confirmed that the Soviet Union was

conducting "basic research" in anti-missile defenses, which

"Practically, the Soviet Union is doing and I guess we are engaged in research, basic research, which relates to those

aspects which are covered by the SDI in the United States,"

until sometime late in

om, none of them did. No. 1

1957. Zocording to Webster's Sc

Gart Jennings's books at

Argentum in 1984 William See

en assignment outside the Ex

HTS LOW COSTFLICE

AIR-UTCH COMES TO BANK

HOLIDAYS & TRAT

MERSE, down down on very let ham his year 1914

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Page 6

FOR MORE CLASSIFIER

TTALY

Venice \*\*\*

respectably rate print.

Published With The New York Times and The Washington Post

PARIS TUESDAY, DECEMBER 1, 1987

Dc-

BC

**ESTABLISHED 1887** 

### Stock Markets Drop ic gem of that his course innumerable to usages of them, have to be English language for a that most instorted to one the course than to me the As Dollar Hits Lows

### ow better than to need to see in olden times I be an responsible notein to b that character on the sense of wordy, the Shares in New York, Europe, Asia Yield to Doubts About U.S. Policy

However, "Sophisme Compiled by Our Staff From Dispatches NEW YORK — Stock markets in the United States and abroad fell century. In Brumelist ( sharply Monday in reaction to another plunge in the dollar's value and worries about U.S. economic

on Wall Street, the Dow Jones On Wall Street, the Dow Johnstone up against in the two which I was writed a street with a did not class of which I was writed a street with a divariant advanced on the New of which I was writing with the lever could find a we-York Stock Exchange. Trading was heavy at 271.5 million shares.

an working now on a now ate Roman Empire time It Earlier in the day the Dow was down by as much as 108 points, to ore me an engraving of a matron wearing her he at I immediately recognize on tall. It would be of a string of the matron wearing her he at I immediately recognize on tall. It would be of a string to make it there were 1,801. That was its lowest level since Oct. 19, when the average of 30 major industrial stocks fell 508 points to 1,738.41.

all help to me if I knew the The dollar, meanwhile, reached new lows against the yen, the Deut-sche mark and the British pound, uic be of more help if le

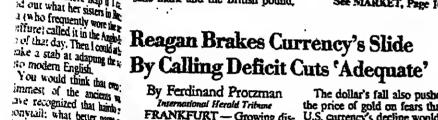
and its slide depressed stock prices in Europe and Asia

On the London Stock Exchange, the 100-share Financial Times-Stock Exchange fudex, the main market indicator, fell nearly 72 points, or about 4.4 percent, 10 close at 1,579.9. The plunge resulted from the dollar's retreat and a subsequent sharp fall in Tokyo stock prices, dealers said.

On the Tokyo Stock Exchange the 225-stock Nikkei average fell more than 365 points in light trad-ing to close at 22,686.78, a drop of about 1.6 percent.

The Tokyo stock market declined chiefly because of the dollar, a Nomura Securities analyst said. West German share prices closed sharply lower, sending the Com-merzbank index of 60 major stocks

See MARKET, Page 10



By Ferdinand FIOLEGARD

International Herald Tribune
FRANKFURT — Growing disillusionment with the U.S. budgetillusionment with the U.S. budgetger a sharp rise in inflation.

The dollar's fall came despite minest of the ancient a tree recognized that hints: sonytail: what better name a here be for it? But evidently dollar plunging to record lows news that normally would have against most major currencies on supported the dollar, including See Collegate Dictionary against most major currences on Monday before it recovered slightly on President Ronald Reagan's remark that the proposed measures were "adequate."

Foreign exchange dealers in Europe and New York said that the dollar was likely to fall further, and that there was little that central banks of the leading industrial nations could do to halt the decline.

Political and psychological fac-tors are dominating trading, they said, and market sentiment is overwhelmingly bearish.

Dealers said the selling of dollars, which they termed moderate to heavy, also reflected widespread doubt about the will of either Congress or the Reagan administration seriously to address U.S. economic problems with major elections British pound and the yea, before scheduled next year.

Kiosk

Ethiopia Rebels

Relent on Food

PORT SUDAN, Sudan (WP)

- In a conciliatory announce ment that may ease severe food

shortages in corthern Ethiopia

Eritrean rebels announced Monday that they would give

relief agencies advance warning

of their military operations.

The Eritrean People's Libera-

tion Front was criticized last

month for destroying a large food relief convoy.

The announcement marked

an abrupt policy change.

Manfred Worner of

West Germany, was the

sole candidate for NA-

TO's top political post after Kaare Willoch

■ Cuban hunates holding hostages in Atlanta were briefed on

the agreement that ended a

siege in Louisiana. Page 3

W France has traded an Iranian

suspected of terrorist offenses

for the first secretary of its cm-

M An Alghan general sparked a gim battle in Kabul. Page 4.

PrineWebber will seil a stake

of up to 25 percent to a Japa-

nese insurance company for about \$300 milion. Page 15.

M Banco de Bilhao launched a

hostile takeover bid for Banco

Español de Credito. Page 19.

Special Report

In New Zealand, the govern-

ment is mapping plans to make

sweeping changes in its social policies. Pages 11-14.

1.6393 1.827 132.275 5.5905

Dow close: DOWN 76.93

The dollar in New York:

DM £ Yea

BUSINESS/FINANCE

GENERAL NEWS

bassy in Tehran.

Page 4.

newspaper reports that the Rundesbank, West Germany's central bank, is planning to cut its discount rate to a record low of 2.5 percent from 3 percent, possibly as soon as Thursday. Reports that Chancellor Helmut

economic stimulatory package to-taling 15 billion Deutsche marks (about \$9.14 billion) also were ignored by the market. In Frankfurt, the dollar fell to a

The dollar dipped further to 1.6315 DM in London, and also touched record lows against the

marks had a similar effect. The dol-lar touched a low of 1.6320 DM, but recovered to close at 1.6393 DM, still more than a prennig below Friday's close of 1.6510.

chases by the Bank of Japan and the Bundesbank. Some dealers See DOLLAR, Page 21

Kohl's government is preparing an

record low of 1,6354 DM at Monday's midday fixing, despite the purchase of \$44.9 million by the

recovering some ground on Mr. Reagan's remarks. In New York, Mr. Reagan's re-

Currency markets shrugged off small, open-market dollar pur-

Paul Torri, second from left, the French consul in Iran, preparing to board a plane in Tehran on his way to Paris.

# Paris Remitting \$330 Million for Hostages

By Jim Hoagland

Washington Past Service
PARIS - France is to turn over \$330 million to Iran in Vienna this week as a payment oo a debt to conclude a secret accord that has led to the release of two French hostages in Beirut and the end of police blockades of the two nations' embassies over the weekend, an authoritative French source said Monday.

The source, who insisted oo anooymity, has been deeply involved in extensive secret negotiations between France and Iran that began last summer in Pakistan and ended over the weekend.

The \$330 million payment that France is to make to Iran is part of a \$1 billion loan that France has acknowledged it owes to Iran, but which the French government has tied to progress on the hostage issue. A first payment, for the same amount, was made a year ago.

in a detailed reconstruction of the secret contacts between the two countries provided by this French intermediary and other sources. these other points emerged:

Iranian middleman who helped sell the White House on the arms-forhostage swap that produced the Iran-contra affair, advised the claudestice French occounting team on how to contact the hos-

tage-takers.
Mr. Ghorbanifar insisted the French negotiators read the Tower

French should avoid in dealing with the Iranians, who alone could order the freeing of the hostages.

The commission was the threemember special presidential board that investigated the covert U.S. arms sales to Iran and the subsequent diversion of profits to the Nicaraguan rebels.

· Freech efforts to ioclude American hostages in the trade were sharply rebuffed by the captors, who reportedly are angry and bitter over the disclosures in Washington about the secret U.S.-Iranian contacts. The captors vowed that the Americans would never be freed as a result of this, one intermediary reports.

Commission report which, he asserted, showed all the mistakes the served, showed all the mistakes the agreement with France in Septon take them to Damascus to make the agreement with France in Septon to take them to Damascus to make the agreement with France in Septon to take them to Damascus to make the agreement with France in Septon to take them to Damascus to make the agreement with France in Septon to take them to Damascus to make the agreement with France in Septon to take them to Damascus to make the agreement with France in Septon to take them to Damascus to make the agreement with France in Septon to take them to Damascus to make the agreement with France in Septon to take them to Damascus to make the agreement with France in Septon to take them to Damascus to make the agreement with France in Septon to take them to Damascus to make the agreement with France in Septon to take them to Damascus to make the agreement with France in Septon to take them to Damascus to make the agreement with France in Septon to take them to Damascus to make the agreement with the agreement with the agreement with the septon to take them to Damascus to make the agreement with the agreem tember, primarily out of coocern about its growing diplomatic isolastrumental in their release tion and the desire to gain the free-dom of an Iranian, Wahid Gordji,

an embassy translator who was holed up in the Iranian Embassy. The French authorities wanted to question Mr. Gordji about a series of bombings in September 1986 in Paris, in which 13 persons were killed and hundreds wounded. But renewed fighting in Beirut delayed the freeing of the bostages, and oearly derailed the agreement at

the last moment, Syria played no role in arrangand Mr. Auque, who had been held
ing the release of the two French
journalists, Jean-Louis Normandin
tionary Justice Organization, proand Roger Auque on Friday, but Syrian forces sought to take them

it appear that Syria had been in-

 The government of Prime Min-ister Jacques Chirac will continue to try to gain the freedom of the three remaining French hostages, but the source reported that the departure from France on Sunday of Mr. Gordji, whose refusal to testify about the bombings led France to break relations with Iran, significantly reduces France's le-

The release of Mr. Normandin

See HOSTAGE, Page 4.

# the planned U.S. system of space-based missile de-Soviet Shift in Arms Policy

By Don Oberdorfer

Washington Past Service
WASHINGTON - Declaraview alone with an American television reporter, Tom Brokaw of tions by Mikhail S. Gorbachev that "reasonable sufficiency" is the ba-NBC News, he said Moscow was prepared to address "without de-lay" the North Atlantic Treaty Orsis for Soviet military requirements -a departure from past policy ganization's concerns over the Sounderlie the arms control positions that Mr. Gorbachev will bring to viet advance in conventional forces Washington and may foreshadow "We have made our proposals," he said of the issue of balancing important shifts in Moscow's military forces, according to U.S. and conventional forces, "and we are Soviet experts.

awaiting a more active response from NATO. We are ready to sit down at the negotiating table and tackle these problems in practice." This concept, which Mr. Gorba-chev unveiled in early 1986, has

Second of two articles

taped Saturday at the Kremlin, rebeen emphasized by the Soviet leader, his defense minister and a variety of official and semiofficial commentators since this summer, although it has been little discussed ple, the Soviet leader also discussed in the West.

Afghanistan, Nicaragua, Soviet Many U.S. officials are wary that emigration and U.S. immigration the rhetorical shift in Soviet policy the rhetorical shift in Soviet policy.

policies, the Boris N. Yeltsin affair, may be intended for external politithe role of women in Soviet society, cal and propaganda benefit rather and his wife, Raisa. The hourlong than military application at home. interview was broadcast a week be. There is no sign yet of significant fore Mr. Gorbachev is to travel to change in the size or configuration Washington to sign an agreement of Soviet armed forces to reflect eliminating medium- and shorter- what appears to be more modest range nuclear weapons in Europe. requirements for defense in both Mr. Brokaw told the Interna- ouclear and conventional areas, actional Herald Tribune that Mr. cording to officials on both sides. Gorbachev was "intellectually vig-But if the implied promise of orous and responsive, but occa- large cutbacks and less threatening

See ARMS, Page 2

#### sionally filibustered me and revert-ed to the old Russian form of giving a kind of convoluted view of histo-either through arms control oegoti-See KREMLIN, Page 2 **Poles Spurn Reforms** In Blow to Government WARSAW - Voters failed to ue reforms and the democratic proapprove political and economic reforms that would have meant pain- of voters on issues vital to everyful price increases next year, the one," he said. Polish government announced

The result represented a stunning blow to the government General Wojciech Januzelski, which strongly campaigned for approval of the two questions put to the voters Sunday in the first referendum in Poland in 41 years.

It was the first time in the na-ooo's postwar history that the Communist authorioes suffered a loss in nationwide elections.

However, the government spokesman, Jerzy Urban, put a positive face on the outcome, noting that many more people had voted in favor of the questions than

against them, although not enough to meet the legally mandated ma-jority of eligible voters. He said the failure of voters to support the questions was "an answer to all who maintained our democratic institutions are a facade and that the democratic trans-

nation of the authorities to contincedure of consulting the opinions

On the first quescion, concerning economic reform, 64 percent of the people voting said "yes" and 27.7 percent said "oo," with the remainder of the ballots blank or other-

To the second question, on political reform, 69 percent said "yes," 24.6 percent said "no," and the rest were blank or invalid.

Final figures showed that only 67.2 percent of eligible voters par-

The questions failed because the oumber of people voting "yes" represented a 44.2 percent minority of the entire electorate while voters approving the second question represented a 46.3 percent minority of the whole electorate.

The government had said previously that if it lost the referendum. reforms would continue, but at a Slower rate.

Opposition activists had dismissed the referendum as a charade "I want to confirm the determi- and demonstrations against it were staged Sunday in several cities, in-cluding marches that were dispersed by the police in Gdansk and Warsaw. At least 12 people in three cities were detained.

General Jaruzelski had strongly endorsed the referendum as a step in the "socialist renewal" of Poland in the years since the 1981 crackdown on the Solidarity independent labor federation.

Poles were asked to approve radical reforms to make Poland's slug-

gish, debt-plagued economy more market-oriented. Regarding political reforms, vot-ers were asked if they favor a "Po-lish model of democratization" that would likely include giving

more power to local governments and opening up high-level posi-tions to people who do not belong to the Communist Party. The largest of the ano-referen-

dum protests took place Sunday in Gdansk, the birthplace of Solidarity. Opposition sources said at least 2,000 people began a march after a Roman Catholic Mass but were stopped by the police.

# Volcker Urges Nations **To Avert Market Shocks**

By Reginald Dale

GENEVA — Paul A. Volcker, former chairman of the U.S. Federal Reserve Board, warned Monday of "potentially abrupt and disrupuve market reactions" if Western industrial nations do not take coordinated steps to restore balance to the world economy. Speaking at a ceremony marking

the 40th anniversary of the General Agreement on Tariffs and Trade, Mr. Volcker also insisted on the oeed for concerted government ac-tioo to stabilize exchange rates and warned of the danger that the interoational economy might break down into a series of warring mon-

etary and commercial zones.

"Recent developments in world stock markets — while they need not be devastating in themselves seem to me warning enough of the oeed for concerned action" to correct the huge trade and current ac-count imbalances among industrial nations, Mr. Volcker said.

The alternative is potentially abrupt and disruptive market reactions that would greatly increase the risks of recession or inflation, or both, and probably undermine the chances for constructive trade negotiations as well," he said.

Although he did not refer to either country by name, the former Fed chairman was particularly tough on Japan and West Germany for failing to stimulate their economies sufficiently.

Mr. Volcker said that the main outlines of the effort needed by Western governments were clear -"convincing and sustained budget-ary discipline in the United States and ... domestic stimulus in countries with large surpluses."

Clearly referring to Japan and West Germany, Mr. Volcker said that "the major surplus countries" had achieved price stability. "What is oeeded now is a sense of adequate domestic economic growth." He added that to maintain a healthy, open international trading order, governments of important

of exchange rates.

Exchange rate instability was increasing the risk that countries would form regional currency and commercial zones "in the absence of satisfactory multilateral understandings," Mr. Volcker said. "One can imagine circumstances

in which there would be pressure for a vaguely defined dollar area to evolve into more explicit monetary and trading arrangements," he said. "That in turn would raise further questions about the role of the yen and defensive bilateral or regiocal Japanese trading arrangements."

"Arrangements relatively benign in origin would then easily degener-ate into protective blocs," Mr. Voicker warned.

The persistent U.S. trade deficit had triggered a more aggressive U.S. posture in dealing with trade issues, such as the Uruguay Round of trade negotiations in GATT, now getting under way, he said. "I need not belabor the risks to the trading system when the lead-

ing economic power is not equipped, economically or politically, to take the initiative in openborder, was spotted by helicopter, but no rescue workers had yet reached it. Page 2. ing markets," he said.



ANXIOUS VIGIL — People waiting Monday at the Seoul airport for news of a Korean Air jet that crashed Sunday with 115 people aboard. The airline's president said a terrorist bombing was the likeliest cause. The site of the crash, on the Thai-Burmese

# The Great American Hero '87: Gorbachev



By Henry Allen

Washington Past Service
WASHINGTON — Just now, thanks to Mikhail S. Gorbachev, his nicely dressed wife, Raisa, and his glasnost and perestroika, the Soviet Union is the flavor of the mouth. Hip boutiques are seiling Lenin pins and hammer-and-sickle T-shirts. U.S. opinion polls are giving Mr. Gorbachev approval ratings higher than those for all the Democratic presidential candidates except the Reverend

Jesse L. Jackson Russian language studies in U.S. colleges and universities are up almost 12 percent since 1983.

During a fashion show in October, the actress Colleen Dewburst watched the Soviet countrier Viyacheslav Zaitsev twirling before the crowd in his emerald green silk jacket and black silk pants and said, "To look at him on the runway with all his openness -you know why you love the Russians."

Travel agents are predicting a 60 percent

rise io American trips to the Soviet Union by the end of the year, compared with 1986. "Everything Soviet is suddenly very roman-tic," says Helen Simonson, a spokeswoman

for General Tours, a large U.S. tour operator to the Soviet Union, "Everybody's into it."

What's going on here? Only yesterday the Soviet Union was everything grim, gray, brutal and bureaucratic. The image of Russians gathered for years from U.S. television and magazines was one of people who looked like cinder blocks wrapped in Value Village over-coats, bleak and stolid in a combination that is Communism's unique cootribution to cultural esthetics,

But now, even with the thick roster of protests planned around Mr. Gorbachev's visit to Washingtoo next week, the atmosphere is changing in one of those great lurches of national feeling that foreigners find both charming and frightening about the United States,

It was just over a year ago that a U.S.

iournalist, Nicholas Daniloff, was being framed in Moscow, It was only last February that the KGB was beating up Moscow demonstrators in front of Western television cameras. But the U.S. Speaker of the House, Jim Wright, said in May that "relations between our two countries have never been better since World War IL"

The U.S. publisher Harper & Row is selling Mr. Gorbachev's book, "Perestroika," as "the book of the year by the statesman of the year." People magazine devoted an entire issue to the Soviet Union.

On television news, the Soviet people are looking better and better. Stephen Cohen, a Sovietologist at Princeton University, said that under Mr. Gorbachev, U.S. viewers "are seeing more of the Soviet Union" at the same time that "the gray stereotypes have become more Westernized."

The main attraction, of course, is Mr. Gor-See CHIC, Page 2

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# **Prime Minister Ozal** Is Returned to Office With Majority in Turkey

Restors ers' rejection of Mr. Demirel and ANKARA — Prime Minister Mr. Ecevit as an indication that Turgui Ozal swept back to office Turkey has moved away from the Monday with an absolute parlia-turbulence of the 1970s. In 1980, mentary majority.

million votes still to be counted, ment after a period of violence that officials said Mr. Ozal's conserva-claimed about 5,000 lives. tive Motherland Party was set to win about 290 seats in an expanded assembly of 450 seats.

Only two of five other parties,

Ecevit, who ordered troops into Cyprus in 1974, decided Monday to quit politics after the defeat of system to replace bureaucratized his Democratic Left Party. It apparently failed to win the necessary taste of prosperity in decades. parently failed to win the necessary 10 percent of the vote to get seats.

Mr. Ecevit, 62, three times prime minister in the 1970s, said in a written statement: "Both myself and my wife, who is the deputy chairman of our party, decided to quit active politics.' Mr. Ecevit and Mr. Demirel were

among politicians who were banned from public life by the miltary in 1982 and rehabilitated by a rendum in September. Turkey, with foreign debt pay-

ments for this year estimated at \$5.1 billion, repaid \$3.49 billion between January and August. The free currency market reacted positively to Mr. Ozal's denial of a devaluation. The dollar rate fell to I,100 live after reaching a high of 1,164 on Friday, a 20-percent premium over the Central Bank rate.

■ Shift From Turbulence Earlier, Loren Jenkins of The Washington Post reported from Is-

bachev, who is scheduled to arrive

in Washington next week for a

Ronald Reagan and the signing of

a treaty on removing medium- and shorter-range nuclear missiles from

Europe, with hints of possible fur-

ther agreements on arms reduction.

War II has received such acclaim.

In the two and a half years since he

became general secretary, he has become a symbol of Western hope

Henry Kissinger can warn that if

Mr. Gorbachev succeeds, "the de-

mocracies will in the long run be

less secure," and Senators William

Proxmire and Bill Bradley can wor-

ry about the wisdom of giving trade benefits to an adversary, but these voices are small ones amid the

One explanation for the enthusi-

asm is that Mr. Gorbachev, 56,

took power after a seemingly end-

less parade of ailing old men: Leo-nid I. Brezimev, who ruled (along with Alexei N. Kosygin at first) from 1964 until be died in 1982;

then the KGB boss, Yuri V. Andro-

pov, who died in 1984, and Kon-

But this theory does not allow

for the possibility that Mr. Gorba-

chev is at least in part a creation of

cager imaginations that might have

power in personal terms,". says

Dmitri Simes, a Soviet emigré and

senior associate at the Camegie En-

dowment for International Peace.

22 Die in Indian Train Blaze

The Associated Press

NEW DELHI - At least 22 per-

sons were killed and 16 were in-

jured when a gasoline can carried

by a passenger caught fire on an Indian train in the western state of

Rajasthan, the United News of In-

dia reported.

"I am extremely disturbed by it,"

"Western journalists think of

stantin U. Chemenko.

for change in the Soviet Union.

No Soviet leader since World

amit conference with President

mentary majority.

the military stepped in to over-With less than 2 million of the 26 throw Mr. Demirel's last govern-

After taking over the govern-ment, the military, which has staged three coups since 1960, ar-rested Mr. Demirel, Mr. Ecevit and hundreds of other leaders of the left Only two of five other parties, the center-left Social Democrat Populist Party and the right-of-center True Path Party, led by former Prime Minister Suleyman Demirel, were likely to win seats.

Former Prime Minister Bulent Feature who ordered troops into

Mr. Ozal set up a free-market

The generals ruled for three years, long enough to oversee the writing of a constitution. Then they stepped down after supervising an election involving only those par-ties and candidates that they ap-

But many Turks, as well as Western European governments, did not consider Mr. Ozal's victory legitimate, because former leading politicians were not allowed to participate. The Western European view was important to Mr. Ozal, who has pushed for Turkish membership in the European Community.

Mr. Ozal last summer proposed a referendum on lifting the ban on Mr. Demirel and Mr. Ecevit.

In September, when Turkey's 26 million voters agreed by a razor-thin majority to allow the banned politicians back into politics, Mr. Ozal immediately called new elec-tions, apparently confident that he could prevail over the politicians Political analysts viewed the vot- from the turbulent past.

also an intellectual and creative

Communist. It is a flaw in this

populist cultures have a tendency

to go from one extreme to anoth-

Now it is Mr. Gorbachev, a man

Now it is Mr. Gorbaciev, a many who seems to be beating the United States at its own game by suddenly

accepting proposals for onsite mis-sile inspections (to the alarm of the

Pentagon) and outperforming Mr.

Reagan as the Great Communica-

for real," said Jessica Troe, 18, a salesperson at Commander Sala-

mander in Georgetown, which of-

fers a variety of Soviet-inspired T-

suspenders and earrings, and red-star pins. "People are freaking over

Was it this passion that Mrs.

Gorbachev perceived when, ac-cording to one Soviet official, she

urged her husband to "go over the head" of Mr. Reagan and direct an

appeal straight to the American

people?
Few things inspire Americans as

much as the vision of the peaceable

kingdom where the lion lays down

with the lamb, paradise regained, Rousseauvian noble savagery vin-dicated at last. (It is worth noting

Woody Allen's Corollary: The lion

the lamb won't get much sleep.)
Paul Hollander, a sociologist at

the University of Massachusetts

and the Russian Research Center

at Harvard, writing in "Soviet and American Society," said: "Although there is little substan-

tive similarity between the ideals of

the Puritans and 18th-century

American Revolutionaries, and the

Russian Revolutionaries of the

vill lay down with the lamb, but

hammer-and-sickle

"I really want Gorbachev to be

als, Ronald Reagan.



Prime Minister Turgut Ozal said "there won't be a coalition government" after he won the parliamentary elections.

#### **KREMLIN:** Raisa's Role: Arms Cut Chance *Everything'* ry and the issues, particularly hu-

WASHINGTON — Questioned by Tom Brokaw of NBC, Mikhail S. Gorbachev commented on role of his wife,

Q. We've all noticed the con-spicuous presence of Mrs. Gor-bachev in your travels. Do you go home in the evening and discuss with her national policies, political difficulties and so on in this country?

A. We discuss everything.

The Americans have been pin-

notion that if the Soviets only knew

be instantly converted.

temptations of the West.

familiar to Westerners."

convey to an American audience,

writes a Sovietologist, Richard

Pipes, than the fact that "Soviet

society and its political culture are

significantly different from those

human nature and human inter-

selves as it tells us about them.

ration for the Soviet Union. By the

1970s, when things were better, you

couldn't find anybody who ad-

bassy in Washington who now works at the Carnegie Endowment.

"With your reaction to Gorba-chev," he said, "you are saying that

for the first time you have an intel-

lectual challenge. He forces you to

build his personality cult. You don't think Russians love it that at

last they have somebody who is

respected in France and America?"

On the U.S. side, at least, the cult of Mr. Gorbachev will last until the

next airliner gets shot down, the next tanks roll into Poland or Hun-

gary, the Cuban mercenaries get shipped to another Third World

country, and then the United States

will set about inventing the Soviet

Union all over again.

"We use the Soviet Union as a

mired it."

"This belief in the identity of

Also, there is always a star that what the United States is really

Q. Including Soviet affairs at the highest level?

A. I think that I have answered your question in toto. We discuss everything.

#### "How can we change relations CHIC: For the Americans in 1987, Gorbachev Is No. 1

between our peoples for the better?" he asked rhetorically. "The Americans say, why can't we be allies? Can't we join our efforts' and "pool the enormous might of Eon Souriettes. "Co Home?" and "pool the enormous might of our countries" economic and intellibrate For Soviets: 'Go Home' interesting, intellectual and cre-ning hopes on the similarities of ative statesman of our time. He is these very dissimilar countries iectual capacities to resolve all these problems?" since the early years of the Soviet

(Continued from Page 1)

man rights. There were some vigor-

He also said Mr. Gorbachev ap-

peared "very self-confident, very much at ease with his surroundings

and very candid about the nature of the job before him."

The Soviet leader is scheduled to

arrive in Washington on Dec. 7 for

ous exchanges."

"And that is very important," he said. "We need mutual understandcountry's body politic — either we businessmen, American politicians demonize completely, or we go look for their equivalents, rock 'n' overboard with enthusiasm. All rollers cite the black-market value ing, and I believe that we must splay greater respect for each There is also the flip side: the

WASHINGTON — President
Ronald Reagan told conservative supporters on Monday that it was time for Soviet troops in Afghanistan and other regional conflicts.

I stan to "pack up, pull out and go home," and he said he would press the issue when he meets next week with Mikhail S. Gorbach. He was asked whether the Soviet stan to "pack up, pull out and go
Union is prepared to reduce the home," and he said he would press set a timetable for withdrawal of number of men, tanks and attack the issue when he meets next week believe to set a timetable for withdrawal of believe to the issue when he meets next week with Mikhail S. Gorbachev.

He called on Mr. Gorbachev to set a timetable for withdrawal of Soviet troops, who have been in Afghanistan for nearly eight years.

burns brightest in the international like, if they could hang out in firmament: Kennedy, Khrushchev, de Gaulle, Mao, and more recently, to the dishelief of American liberals. Persela Beresta He said that Moscow's military doctrine is defensive, not offensive, recognizing objective reality," Mr. and added: "There is a certain Reagan said, "Well, it's time for asymmetry, both in forces and are them to bite this lattice." ing in New Hampshire, they would them to bite this ballet." . 4. maments, and we're intepared to he me to but this haller.

address conserves to that without he an effort to rally conservative We might call this the Ninotchka Hypothesis, after the 1939 movie in delay. We have made our propose support for the intermediate nucleals, and we are awaiting a more ar forces treaty that he and the which Greta Garbo, playing a Soviet commissar, succumbs to the active position, a more active re. Soviet leader are to sign on Dec. 8 spouse from NATO.

And therefore we are prepared to deal in practical terms. We are Wife of a UN Envoy Injured ready to sit down at the negotiating table and tackle these problems in

ests," be writes, "and the view that the Persian Gulf, and they want the conflict is rooted in ignorance, "f believe that in this matter, which really" constitutes "the very core of Soviet-American relations,

prejudice and misunderstanding is the source of the widespread belief that if the American and Soviet leaders only got together they could there are real prospects ahead of solve all the problems dividing their countries."

Mr. Gorbachev said he believes Ultimately, our response to Mr. Gorbachev and the Soviet Union tells us at least as much about our-"that it is possible to do a lot of work with this present administration so that we could make headway on this major direction in the "If you look at American public area of arms control. We will act reaction, it tells you nothing about constructively, and I guess the what's going on in Russia," says Americans and the world at large what's going on in Russia," says Professor Cohen of Princeton. "In have convinced themselves that we can and we are indeed acting conthe 1930s, under a terrible regime, there was a lot of American admi-

Mr. Brokew asked if the Strategic Defense Initiative has been slightly diminished in your judgment as a condition for the reduction of ICBMs?" Mr. Gorbachev replied:

justification for things we do," be said, "We compare Central Ameri-I believe that the question of ca to Afghanistan; we compare Three Mile Island to Chernobyl. It SDI is not a subject for negotiations. We shall be talking about always puzzles me why we define strategic offensive arms, about levourselves by anything in the Soviet els and sublevels, and we have some steps that we could take to meet the American position half-way. And we've already taken At the same time, the Soviets

may be turning around and taking their cue from us. "When America declares some-"We shall be talking about the strict compliance with the ABM body big, who else can say be is not big?" asks Milan Svec, a former official of the Czechoslovak Em-Treaty."

"We are prepared to accept a 50-percent reduction" in strategic mis-siles, Mr. Gorbachev said, "in the first stage, with strict observance of the ABM Treaty. To the degree that SDI does not run counter to the ABM Treaty, let America act" or "inchlee in research."

"Insofar as SDI does not run counter to ABM, that is not a subject for negotiations." Mr. Gorbachev was asked why

the threat could not be eliminated by negotiating a large cutback in strategic missiles so that the need for SDI would be removed. "That precisely is what I suggest-

ed to President Reagan in Reykja-vik," he said. "And we were just about two paces away from signing an agreement on that score, but SDI came and stood between us." He was referring to a meeting with-Mr. Reagan in Iceland in October

# Airline President Says Terrorism Is Suspected In Crash of Korean Jet

site, who told of seeing the plane

and then hearing an explosion.

cal Korean Air manager as saying that the airplane was "perfect mechanically" when it left for Bang-

Mr. Cho said that if mechanical

problems were to blame, the pilot probably would have had time to

send a message to Bengkok or to Rangoon, Burma. But there was no

sign of any problem before the jet vanished, he said.

lers that he expected to land in half

In fact he added, the pilot, Kim

By Clyde Haberman New York Times Service

SEOUL - A South Korean passenger plane was confirmed Monsenger plane was commend Mon-day to have crashed in the jungle mountainous terrain, the rescue along the Thai-Burnese border, team was not expected to reach the and the airline president said a ter-scene until Tuesday. News agencies along the Thai-Burmese border, and the airline president said a terrorist bomb was the most likely

Korean Air Flight \$58, a Boeing 707 carrying 115 people, had been missing for nearly a day after vanishing on its way to Seoul from the Middle East

Speculation on its fate had included a hijacking a midair explosion or simple mechanical failure. The plane, bought in 1971, had a history of trouble and reportedly was to have been taken out of ser-

As recently as Sept. 2, its landing gear could not be lowered and it had to make a belly landing at Kimpo International Airport in

The Korean Air president, Cho Choong Kim, said Monday evening, however, "It's difficult to think of any other speculation except that it was a bombing."

The only possible explanations, Mr. Cho told Korean television re-

porters, were bad weather, mechan-ical failure and sabotage.

"Of all three possibilities," he said, "Korean Air thinks that terrorist bombing is the most likely." He did not say whom he suspected, other than an unspecified bad

His concinsion appeared to be Jik Han, told Bangkok air controla summit meeting with Mr. Rea-based on conjecture, not on any gan, at which the two are to sign a 'physical evidence. By late Monday treaty scrapping intermediaterange missiles.

In the interview, Mr. Gorbachev said that he had received about 80,000 letters from Americans expressing worry "about the situation in the world" and "the state of Soviet-American relations."

physical evidence, By late Monday an hour.

"It's a distance you can fly with your eyes closed," Mr. Cho said.

your eyes closed," Mr. Cho said.

your eyes closed," Mr. Cho said.

Korean Air Lines flight from Anchorage, Alaska, to Seoul were confirmation of the crash came down over the Soviet island of Samitions with the state of Soviet-American relations."

"How can we change relations."

"The Soviets pride themselves in

# WORLD BRIEFS

# 32 Die in 2 Days of Sri Lanka Fighting

COLOMBO (AFP) — At least 12 Indian soldiers were among 32 persons killed in Sri Lanka in two days of fighting between Tamil guerrillas and the Indian peacekeeping forces, officials said Monday. Eleven Indian soldiers were killed as they were trying to clear a minefield in the Jaffina Peninsula on Sunday. It was the highest Indian death toll in a single incident since an offensive bears on Oct. 10. The death toll in a single incident since an offensive began on Oct. 10. The officials said another Indian soldier died Sunday in an exchange of fire in Atchchuveli with fighters of the Liberation Tigers of Tamil Eelam.

Because of fog, poor roads and A few hours later, in the neighboring village of Sandilipalai, 12 rebels were killed by Indian troops, the officials said. They said eight guerrillas were killed as soldiers stormed a rebel hideout in Batticaloa. Indian troops started the offensive after the rebels rejected the Indian-Sri Lankan peace accord of July 29 and refused to surrender their arms. in Bangkok said officials held out little hope of finding survivors among the 95 passengers and 20

Most of the passengers were South Korean construction workers returning from the Middle East, where South Korean contractors are prominent; 55 worked for News Agency, monitored here, reported. There we casualties or daynage. NICOSIA (AFP) — Iraqi aircraft raided a civilian area in the central Iranian city of Hamadan on Monday, Iran's official Islamic Republic News Agency, monitored here, reported. There were no reports of

casualties or damage.

In Baghdad, meanwhile, the anti-Iranian group called the People's Mujahidin amounced that its armed wing had killed 248 Iranian soldiers. Hyundai Construction & Engineering Co. Also on the passenger list was the South Korean consul genand taken 37 prisoners in an operation Saturday south of Khosravi in the west-central Iranian province of Kermanshah. cral in Iraq, Kang Suk Jac.

The only non-Koreans on board were an Indian and a Lebanese national who had been living in the

#### 18th Game of Chess Match Is Drawn

SEVILLE, Spain (Reuters) — The 18th game of the world chess championship between the titleholder, Garri Kasparov, and his challenger, Anatoli Karpov, was agreed drawn after 40 moves on Monday. The 24-game match now is tied at nine points apiece. United Arab Emirates.
Flight 858 began in Baghdad, stopped in Abu Dhabi and was enits way to refuel in Bangkok when it, disappeared from radar screens. In' Abu Dhabi, Reuters quoted the lo-

	QUEEN'S GAMBIT DECLINED.						
White Kasparov	Black Karpov	White Kasparov	Black Karpov	White Kesparov	Black Karpov		
1.04x 2. Nc3 3. d4 4. Nc3 5. Bg5 6. Bh4 7. e3 8. Be2 9. Bx66 10. cd 11. bc 12. bc 13. Rb1	e6 d5 Be7 N/f6 h6 0-0 b6 Bb7 Bxf6 ed c5 bc	15. Bb5 16. Qd3 17. Rfel 18. h3 19. Bras6 20. Qxb1 21. de 22. Ne2 23. is4 24. Nose5 25. Rd1 26. ld5 27. Qxc2	Qc7 Rick Rab8 gc Ruchi Quoti Quoti Quoti Quoti Quoti Quoti Qc2 Ruchi Qc2 Ruchi	29. Rxe5 30. hg 31. Re7 32. Ra7 33. g3 34. Kg2 35. e4 36. Kf3 37. Ke3 38. Kf4 39. Kg5 40. Kxh5 Deawn.	Rraz fg a5 a4 b5 a3 g5 g4+ Ral Rrdz Rrdz Re2		

#### 2 Die in Pakistani Election Violence

ISLAMABAD, Pakistan (AFP) - Two persons were killed when rival groups exchanged gunfire at a polling station in Karachi as Pakistan's nationwide local elections began amid tight security Monday.

Witnesses said polling began briskly as Pakistan's 47 million voters went to the polls after the police detained hundreds of suspected

Official sources in Karachi said one person was killed and three injured in the clash between rival supporters in the volatile Korangi district, which was placed under curfew last month after bloody ethnic riots.

#### For the Record

Major Benhur Ferandez, an side of the Philippine coup leader, surrendered before the deadline Monday for matineers to return to military service, the authorities said. He is the third aide to Colonel Gregorio Honasan to surrender in two weeks. Honasan to surrender in two weeks.

Hatchet wielding rebels of the Mozambican guerrilla organization Renamo murdered a couple and their five young children in northeast Zimbabwe, the official Zimbabwean news agency Ziana reported on Monday. Ziana said the deaths brought to 48 the number of Zimbabweans murdered by rebels in the past two months.

#### TRAVEL UPDATE

### Italian Transport Disrupted by Strikes

ROME (AP) — Work stoppages by ground personnel at Rome's Leonardo da Vinci airport forced the cancellation Monday of 74 flights. airline officials reported. Meanwhile, a 24-hour strike by railroad conductors, which stopped st trains in Italy, ended at 2 P.M. on Monday. It follo But Mr. Reagan's sat in silence strike by rail engineers. when the president appealed to them to 'join in the support of this

#### Correction

Asked to assess the chances of a Nations, Chen Zhao Kang, was in served their applanse for his deviced by hair of the Conventions and Strategic, nuclear missiles, Mr.

A report in the Nov. 17 issue of the International Herald Tribune incorrectly stated that Fiji has lost access to the Lome Conventions day after being injured in a hit-and-traitive, the administration's plan for a space-based missile defense.

### ARMS: Major Shifts Are Foreseen in Soviet Arms Policy Under Gorbachev

ations or Soviet reductions on its

Agence Prance-Presse

na's representative to the United

NEW YORK - The wife of Chi-

own, the shifts could be historic. The huge and growing military power of the Soviet Union — both real and perceived — and its in-creasing global reach have been at the last 40 years, often provoking vague terms.

New phases of military buildup in the West. A lessening of the Soviet ly the magnit military threat could in time transform, and perhaps even end, the

In some respects, the redefinition of Soviet requirements is strik-ingly reminiscent of the Nixon adtration's shift in 1969 from a goal of "strategic superiority" in

nuclear weapons to acceptance of "strategic sufficiency." The Nixon shift was not defined in detail, but the change justified the imposition of limitations on the

U.S. strategic desense budget and the negotiation of arms control agreements that permitted a Soviet advantage in some areas. "We believe that armaments

should be reduced to the level of to employ the sufficiency principle reasonable sufficiency, that is, a to reduce forces East and West on a level necessary for strictly defenmentally agreed basis "to such a sive purposes," Mr. Gorbachev, level where neither of the sides, wrote in his newly published book; while insuring its defense, has the

"It is time the two military alli-mount offensive operations." ances amended their strategic con-cepts to gear them more to the aims defense," which was adapted from Mr. Gorbachev has expressed war movement, is believed to be the

Warsaw Pact declared this to be a and, in the U.S. view, the least key element of its official doctrine, realistic in current circumstances. pledging to "strictly comply with the limits of sufficiency for defense, for repelling possible aggression." "Nothing could be more in con-flict with reality" than the idea that Soviet ground forces are mainly de-The Warsaw Pact communique

tions with the North Atlantic Trea- analyst of the Rand Corp. and a ty Organization on the military student of the new Soviet concepts. doctrines of East and West in light of the new Soviet thinking. Although NATO has not re-

"If we agree at the first stage to would soon accept such discussions rope.

These discussions are likely to recent discussions in Moscow indithen the question does arise: why, take place next summer or fall in cated a sharp difference of opinion what is SDI for, and what is the the context of new East-West nego- about "nonoffensive defense" be-

ations or Soviet reductions on its and a few military officials with own, the shifts could be historic. tional force reductions in Europe the officials said.

Members of the Heritage Foun-dation, a think tank that has pro-

vided personnel and ideas for the

Reagan administration, cheered

Mr. Reagan's words on Afghani-

stain and his insistence that Mr.

Gorbachev live up to promises of

his policy of glasnost, or openness, by allowing greater rights and freer

On arms issues, the listeners re-

ly the magnitude of armed forces more declarations from semioffinecessary to defend oneself against, cial experts and publications than an attack from the outside," a defi-' from Soviet officials. mition that U.S. experts consider to In an effort to provide more defi-

be meaningless and to reflect the nition from an official source, the

ty, on the one hand, and career The Soviet defense minister, military officers on the other hand. General Dmitri T. Yazov, writing "The career military people "The career military people in the July 27 issue of Pravda, de don't buy it," Mr. Hansen said. the heart of East-West tensions in fined reasonable sufficiency in So far, most Soviet statements on the concept of reasonable sufficien-He said the term "means precise- cy have been general, with many

If the implied promise of large cutbacks and less threatening configurations under 'reasonable sufficiency' is translated into

fact, the shifts could be historic. Soviet military's lack of enthusiasm Soviet Foreign Ministry recently made available its director of po-

for the change.
For the future, General Yazov wrote, the Warsaw Pact proposes by Secretary of State George P. Shultz, drew a clear distinction beforces or means enabling it to

clear, forces. theories in the West German antimuch the same idea many times in most disputed aspect of reasonable recent months. On May 29, the sufficiency in the Soviet military

fensive in their character, said Edcalled last summer for consulta- ward L. Warner 3d, senior military

"In the last decade," he said, "the Soviets have developed the doctrine, organization and capabilsponded to this challenge, U.S. of-ficials said the Atlantic alliance blitzkrieg war — especially in En-

Lynn M. Hansen, assistant diand Disarmament Agency, said his militarization of outer space for? fiations about stability and conventween Soviet diplomatic officials the two nations.

licy planning. Lev Mendelevich, who has been deeply involved in the evolution of the concept. Mr. Mendelevich, interviewed in October during a visit to Moscow

stability in the nuclear field and in the field of conventional, or nonnu-In the nuclear arena, Mr. Menvich said, the concept ultimate-

ly calls for the complete elimina-tion of nuclear weapons but, in the meantime, it describes a condition of "strategic stability."
This condition, which has drawn the interest of Mr. Shultz and other

U.S. officials, was defined by Mr. Mendelevich as "when each side retains the capability for a retaliatory strike, but neither side for a disarming first strike."

This concept has long been advanced by Western arms control embraced, even to this extent, by the Soviet Union.

in U.S. and Soviet strategic nuclear forces now under negotiation by

A semiofficial Soviet study of quasi-political jobs at the Central Committee of the Communist Par-"Strategic Stability Under the Con-ditions of Radical Nuclear Arms Reductions" given to foreigners in Moseow this year concluded that about 600 mobile single-warhead intercontinental ballistic missiles on each side, a total of 1,200, would be sufficient to achieve strategic stability in the absence of anti-missile defenses, which the Soviets consider destabilizing.

This would be a cutback of about 95 percent from the roughly 25,000 land-based, submarine-based, scabased and bomber-based warheads in the two strategic arsenais now.

A key aspect of reasonable sufficiency, which implies that major cutbacks can be made without en-dangering national security, is the concept of "asymmetrical reductions," under which the greatest reductions would be made by the side with the largest forces, which in most cases is the Soviet Union.

This principle was a crucial facet of the intermediate nuclear forces agreement, which requires the Soviet Union to eliminate four to six times as many nuclear warbeads as the United States, depending on the calculation being made.

In the U.S. view, disproportionate cuts also will be essential to negotiations on reductions in connational forces in Europe, which are expected to begin next year.

According to the most recent edition of "Military Balance," pub-lished in November by the International Institute of Strategic Studies, the Warsaw Pact has an advantage in Europe of more than 2-1 in main battle tanks, 3-1 in artillery and mortars and 5-1 in surface-to-air

A U.S. official said the NATO allies were nearing agreement in confidential talks on an objective of cutting back major weapons in vanced by Western arms control Europe to equal levels, which specialists, but has only lately been would require large Soviet cuts and few if any cuts by NATO.

It is uncertain to what extent the There is no official calculation of Soviets will accept such disproporthe level of nuclear force required tionate cutbacks in conventional for this condition, but U.S. experts forces. But the Soviet willingness to said it would be well below the speak publicly of asymmetrical re-speak publicly of asymmetrical re-acceptage of up to 50 percent ductions, and to act decisively to agree to them in the case of the intermediate nuclear forces treaty, is a far-reaching change.



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make 50-percent cuts in our strate- on condition that they be a serious gic offensive arms," Mr. Gorba- and limited conversation about rector of the U.S. Arms Control chev said, "and then to go on and specifics of force structures.

and Disarmament Agency, said his fully eliminate nuclear weapons,

a civilian area in the con Lucie were no upon

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# atch Is Drawn

th game of the world do in Kasparov, and his challed at 40 moves on Monday 1

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# ection Violence

20 persons were killed when it station in Karachi as Palian tight security Monday.

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person was killed and three . in the volatile Korang in 102th after bloody ethnic par

the Philippine complexes, are OF TREE PROPERTY TO FERUM TO THE he therd aide to Colonel Gree

sie zambiczn guernila organie are five young children in node or news agency Ziana reporting

# UPDATE

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Markey it followed the

in the International Herald Tile to the Louis Comme The state of the agreement is cooked

# ier Under Gorbook

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# Atlanta Cura. Soldiers were and fighting between the fighting between the collicials said when the six began on Oct. We have been briefled on the agreement that ended a siege in Louisiana, bot officials expressed little optimism of officials expressed little optimism. Atlanta Cura. Details of Accord, But Seem Unmov celebrating nothing disc said another Justice D spokesman. Thomas Ster have been briefled on the agreement that ended a siege in Louisiana, bot officials expressed little optimism released. Mr. Stewart said the no significant progress. Atlanta Cubans Get **But Seem Unmoved**

that ended a siege in Louisiana, bot ana, four hostages in Atlanta were

The briefing was given by three Cuban émigré leaders, who visited the U.S. penitentiary in Atlanta said, was there reason to believe the late Sunday, said Patrick Korten, a Oakdale developments would af-U.S. Justice Department spokes- feet the Atlanta standoff.

That afternoon, Cuban prisoners in Oakdale, Louisiana, surrendered after receiving promises of individual reviews of their immigration there was any kind of inkage. cases and no reprisals for the damage to the prison. The inmates released 26 hostages, whom they had

held for eight days.
News of the end of the Oakdale siege was greeted with apparent in-difference by the Cubans detained in Atlanta, officials said.

There has been no reaction, no

# Supervised Vote Urged For Haiti

Compiled by Our Staff From Disposches PORT-AU-PRINCE, Haiti —A presidential candidate called Monday for an international force to supervise voting in Haiti, where a terror campaign ended an attempt to hold free national elections. At least 34 people died Sunday

in election day violence, including more than a dozen killed at one polling place. Silvio Claude, a Protestant minister and candidate of the Christian Democratic Party, said an international peacekeeping force should supervise elections unless the Unit-

ed States forces the junta to resign. He said: "We call on a group of oations — the Organization of American States or the United Nations — to send multinational forces to conduct elections if the 'United States" — which he called "the boss" of the junta — "doesn't

force it to step down." The United States is often accused in Haiti of propping up the officials asked him. The Oakdale agree General Henri Namphy.

tarian aid to Haiti because of the chief negotiator.

"I think it can be applicable and election frasco.

roy, a Democrat who represents the it was worked out it was perceived District of Columbia in the House with a much broader picture than of Representatives and is chairman just the Oakdale situation," he said. of Representatives and is chairman of the U.S. congressional task force on Haiti, said: The only hope of the Haitian people is some sort of intervention by the international try community with the leadership of the United States."

He said the world must intervene "or the Haitian people are lost to this gang of savage thugs."

mowed down with machine-gun fire and then finished off with ma-that they have never had a chance to tell that story." chetes."

The National Government remain in power for now. It suspended the Provisional Electoral ate invitation to the bishop to participate in Atlanta talks. setting up the elections Sunday, which would have restored civilian

General Namphy insisted that a new president would be inaugurat-ed in February. He did not say

when an election would take place. Security remained high on Monday with troops stationed along the Prisons. "I think it's a good agree-Boulevard Jean-Jacques Dessalines, the main commercial thor-oughfare of the capital, and trucks filled with policemen and soldiers rolling through the city.

The Provisional Electoral Council canceled the elections after bands of roving gunmen fired at voters in polling places.

Following the cancellation, the nine members of the council were dismissed by the government and have taken refuge in Western embassies, Radio Métropole, a Portau-Prince station, said.

The military junta has ruled Haiti since shortly after Jean-Claude Duvalier fled into exile on Feb. 7, 1986. Mr. Duvalier succeeded his father, François Duvalier, whose election in 1957 began a 29-year

reign by the family. in a statement issued in Washington, the State Department said it was halting nonhumanitarian aid in response to the action of Haiti's provisional government in "dis-solving the Provisional Electoral ission and abrogating all

electoral legislation." Meanwhile, in Paris, Mr. Duvalier, who is living in France, appealed Monday for "general reconciliation" in Haiti and denied any involvement in the election vio-

In a statement issued through his lawyers, Mr. Duvalier expressed his "immense sadness at the clashes

currently taking place." His statement came after the French government expressed "consternation" at the cancellation

of the elections. The French Foreign Ministry de-nounced what it called "strong-arm tactics inspired by elements insked with the former dictatorship" of

(UPI, NYT, AFP, Reuters)

ATLANTA — Cuban inmates said another Justice Department

Before the resolution in Louisi-Mr. Stewart said there had been

no significant progress in talks with leaders of the more than 1,120 Cuhan detainees in Atlanta. Nor, he We have no way of knowing

In Atlanta, he said, "by and large, it is more hard cases. The Oakdale detention center is something quite a bit softer in penal

term Also Sunday, officials announced that water had been turned back on at the Atlanta prison. It had been shut off Friday. The end of the siege in Louisiana

followed a videotaped appeal to the detainees by an auxiliary bishop, Agustin Roman of Miami, but officials in Atlanta said it was unlikely that the bishop would go there.

In Oakdale, nearly half the Cuban detainee in Louisiana before the siege there ended, ban inmates were transferred Mon-

day to other prisons. The U.S. medical center for fed eral prisoners in Springfield, Missouri, received 66 Oakdale inmates Monday, said Keith Hayes, an ad-

ministrative assistant there. The Cubans rioted after a gov ernment announcement of the deportations to Cuba of 2,500 "undesirables" who arrived in the United States in the 1980 Mariel boatlift. Oakdale was seized Nov. 21. The Atlanta riot began a week ago Monday. The inmates demanded that they be allowed to remain in the United States.

In his videotaped message, Bishop Roman said he had reviewed a document offered by the govern-ment promising individual case re-views for those facing deportation.

The agreement also promised no reprisals for damage to the \$17 million prison, which was badly damaged by fires. Officials said it would be rebuilt.

Bishop Roman, the highest-ranking Cuban-born priest in Miami's Roman Catholic archdiocese, expressed willingness to work to end the Atlanta prison takeover if The Oakdale agreement could be

helpful in negotiations with the At-On Monday, the United States lanta immates, said Rafael Pen-said it was cutting off nonhumani- alver, Bishop Roman's lawyer and

In Washington, Walter E. Faunt- I think it's an agreement that when "We were thinking of all the de-tainees of Mariel who are detained in several prisons around the coun-

> The agreement still could lead to some Cubans being deported to their homeland, Mr. Penalver said. What the bishop wanted to ensure was that we have a fair process

in which each individual case could Mr. Fauntroy said he had "eye be reviewed before a panel that witness reports of people who were standing in line to vote being ry," he said. "Each of those Mariel detainees has a story and many feel

Mr. Korren, who is the Justice Council, the junta, said it would Department's deputy director of public affairs, ruled out an immedi-

> nery from the office of the U.S. attorney general, Edwin Meese 3d. included guarantees of individual reviews of immates' status and medical treatment for those needing it

"We did not give away the store," said J.D. Williams, a regionment.

Mr. Meese, in a statement released in Washington, said, "While this is understandably a time of rejoicing and thanksgiving, the Department of Justice will not rest until the situation in Atlanta is also peacefully concluded and all the hostages there are released."

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# Inmates: Young, Rural and Hardened

By Ronald Smothers New York Times Service

ATLANTA - Many of the Cuban inmates in the federal penitentiary bere are unsophisticated rural people who have been hardened by years in prisons for infractions as minor as disagreeing with the government of Fidel Castro while in Cuba or failing to pay traffic tickets in the United States, according to those who know them.

They see U.S. society through a haze of cultural differences, said Lilly Delgado, a volunteer with the Roman Catholic Diocese of Atlanta who visited some of the Cubans before they took over the prison early last week. Over the years, that image has been distorted

further by prison life and the sense that they have been forgotten. They are mistrustful and (nustrated, she said. Despite the frustrations, the men still retain

some of the religious and family values they held in Cuba. Reminders of those values could be heard during the siege. Speaking Sunday over a two-way radio, one of the inmates said he was "very sorry for the

suffering" he and the other Cubans were causing their families and those of the hostages they held. He spoke of the detainees "praying every day" for guidance and added that all they wanted was to be freed. For the most part they are in their 20s and

early 30s. Most of them have served sentences for crimes committed in the United States but are still being held while their immigration status is reviewed. Until the United States revived an agreement with Cuba that would allow some to be deported, many thought they would eventually be freed in the United States.

A television cameraman who was admitted to the prison Thursday night said he went in

expecting to see "rough characters" and instead saw "a lot of terrified kids."

Carlos, a 26-year-old inmate who since learning English at the prison signs his name "Charlie," said in a letter to his attorney earlier this year that he could not say what he would do if he were released or whether he would be able to adjust to U.S. society.

"I'd be like a new baby," he wrote. "I've never been on the streets before." The lawyer, Fred Gleaton, would not give Carlos's full name. He said the man was been

There is no question that the group there now is a little different from the majority of the Mariel Cubans who were being detained in 1981 or 1982.'

> - Dale Schwartz, immigration lawyer

imprisoned in Cuba at age 14 for stealing a bicycle and some clothes. He was serving a 29year sentence when he was put on a boat in 1980 at Mariel and sent by the Castro govern-

ment to the United States. He made several stops at resettlement camps, where he often got into fights. He was diagnosed by a psychiatrist as being anti-social. He has spent live years at Atlanta, Mr. Gleaton said he saw his client among the inmate leaders

at the start of the uprising.
Lawyers and others who have visited Cuban detainees concede that not all of them seem as

least one detainee who had murdered someone in Cuba and had assaulted immates in prison in the United States.

The lawyer said he had declined to take the case because the release of the immate seemed unlikely and perhaps undesirable.

Another detained, released two years ago, was accused of killing two nuns at a social

service agency in Texas. There is no question that the group there now is a little different from the majority of the Mariel Cubans who were being detained in 1981 or 1982," said Dale Schwartz, an immigration lawyer. "All of these have had some prison time and committed some kind of crime here or in Cuba, while many five years ago had no such

record." Yet their crimes run the gamut, said Myron Kramer, a lawyer who has represented some of the Cubans. While it may be "a harder prison population than before," many of the immates had led relatively stable lives before being sentenced for minor crimes, he said.

It was impossible to obtain a detailed breakdown of the crimes committed by the immates in Cuba or the United States. But a June 1986 report on the Atlanta inmates by the U.S. Immigration and Naturalization Service said 403 had served terms for drug charges, 304 for burglary, 185 for assault, 130 for theft and 124 for armed robbery.

At least five had been accused of murder.

Sixty were being held for weapons offenses,

forty for violating the rules of halfway houses to which they were released and eight for driving without a license.

A handful were being held for food stamp

fraud, fighting and drunkenness, vandalism, trespassing and shoplifting. "Clearly many are nondangerous," said Mr.

benign as Charlie. A lawyer who asked not to be Schwartz. "But we haven't been dealing with identified said he examined documents on at them as individuals."

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# Here, there and everywhere.





# **Afghan General Sparks** Gun Battle in Kabul **Near Assembly Meeting**

KABUL Afghanistan — A for- deserted mer Moslem rebel leader who became an Aighan Army general afsecurity zone ringing the site of a government-called assembly, sparking a gun battle that left at least two dead and one wounded. The clash came as a national

assembly meeting was under way and a day after guerrillas fired rockets into the area as the Afghan leader, General Najib, was delivering an opening address.

General Najih was unanimously

elected president on Monday, and he announced a new plan to end the war in Afghanistan. The plan includes the withdrawal of Soviet forces in a 12-month period if the

rebels accept.
The Afghan government spokesman, Hasmat Kahani, said the fighting in Kabul crupted on Monday when General Ismat Muslim, a convention delegate, and his sup-porters defied a ban on carrying weapons into a mile-wide security zone of Soviet and Afghan tanks, armored cars and troops around the assembly meeting.
Mr. Kahani said he was still

waiting for a report on the incident and could not say whether there were any casualties. He could not give the whereabouts of General Muslim, but a Soviet official said the general was believed to have

Western reporters returning to their nearby hotel saw two bodies lying on the road. A third man also was on the ground, but he was

An unconfirmed report said as many as four people were killed. formist, was made a general in the Soviet-backed Afghan Army when he deserted two years and Habra and the seven passes of the seven passes. General Muslim, whose reputa-

proprietor himself. And we offer our guests the ultimate Beverly Hills

of his fighters with him when he

The rebel forces are fighting to topple the Communist government ter switching sides broke into the and end an almost eight-year occupation of Afghanistan by Soviet troops, estimated at more than 110,000 men.

"This commander did not observe the security measures for those entering the compound," Mr. Kahani said. "He not only did not follow orders of the security forces, forces, and he fired at them."

General Najib, 41, a former secret police chief who is general secretary of the ruling People's Demo-cratic Party of Afghanistan, announced that he would extend a cease-fire that he first called Jan. 15 for a third six-month period.

In an appeal to leaders and field commanders of the main seven-group alliance of Moslem rebel groups, General Najib spelled out the conditions of his new plan.

He said that "if interference in the internal affairs of Afghanistan are stopped" — a reference to mili-tary aid supplied to the rebels by the United States, Iran and China - and they were to observe the cease-fire and open negotiations on forming a coalition government, conditions would exist for the withdrawal of Soviet troops.

He said Moscow had already ap-proved an Afghan proposal to he presented at the next round of United Nations-sponsored talks with Pakistan for ending the war. The plan calls for shortening a proosed timetable for the return of Soviet forces to 12 months from 16 months.

Soviet-backed Afghan Army when he deserted two years ago. He had been the commander of a large guerrilla force based in the southern city of Kandahar, and he many

# seeking greater subsidies. Ration coupons will be issued PORK CHOPPER — A butcher readying pork for buyers in Beijing as some Chinese braced for rationing. Officials are trying to cope with a slowdown in deliveries

Tuesday in Shanghai and Tianjin; Beijing has escaped the plan so far. Shanghai residents will get a kilogram of pork a month and Tianjin residents will get 1.25 kilograms.

# Ershad Frees 4 Opposition Leaders In an Effort to Promote Peace Talks

by farmers, who, according to the China Daily, are

DHAKA, Bangladesh — Ban-gladesh freed four opposition leaders Monday in what it called an effort to further peace talks pro-posed by President Hussain Mo-hammed Ershad, according to Home Minister Abdul Matin.

"We have released them to create congenial atmosphere for dialogue proposed by the president,"
Mr. Matin said, adding that other
detainees would also be freed in

Those released Monday were Mirza Golam Hafiz, former speaker of the parliament; Abdul Mannan, a leader of the Awami League; and Saidur Rahman Syed and Ja-hanara Begum, leaders of the Ban-gladesh Nationalist Party.

GLENDALE, California

government press briefing since Friday, when General Ershad declared a state of emergency, imposed curfews in major cities and banned news reports other than

those approved by the government.

Mr. Matin said two persons had
been killed by the police since the emergency proclamation. He denied press reports putting the toll at

hour general strike in their campaign to force him to resign.

Bangladesh has had nearly 200 hours of strikes in the past two weeks. The government said the strikes had cost the country \$50 past two months.

perfected the role of a slightly ec-

centric cockney old lady, died Sun-

Mr. Matin spoke during the first million in production and exports. wernment press briefing since Mr. Matin said most shops, offices and factories were opened on Monday, Public transportation returned to the streets as the curfew ended at 8 A.M. The home minister said 12 law-

yers were arrested after the police broke up a march to protest the emergency declaration near the dis-trict court building in Dhaka.

Mr. Matin also denied a report that the army had been called out to enforce the emergency decree.
"This is absolutely untrue," he said. "Not a single soldier has been involved in the operation."

He said the police have arrested a total of 4,832 political leaders and other opposition activists over the

### China, Laos **Restore Ties** To Aid Peace

By Daniel Southerland

Washington Post Service
BELITNG — China and Laos announced an agreement Monday to restore friendly relations in a move that could help create an improved atmosphere for peace talks be-tween two leaders of warring factions in Cambodia later this week.

Diplomats said it was not conceivable that Laos would make a move toward reconciliation with China without the approval of

A country of fewer than 4 mil-tion sharing borders with both Chi-na and Vietnam, Laos is heavily dependent on Vietnam and on the Soviet Union for security, trade, and economic assistance.

A Chinese Foreign Ministry offi-A Chinese Foreign Ministry offi-cial said that a Laotian Foreign Ministry mission led by Khamphay Boupha, first deputy foreign minis-ter, visited China for a week, be-tween Nov. 24 and 30, and held talks on the normalization of Chinese-Lao relations in a "reconciliatory, candid and friendly atmo-

The restoration of friendly relations will include an exchange of ambassadors, the official said. China and Laos reduced their diplonian politician who played an important role in the nationalization lowing Vietnam's 1978 invasion of Cambodia. In February 1979,

The Chinese Foreign Ministry official said that China and Laos also reached an agreement on bilat-cral trade during their talks, ac-cording to Xinhua, the Chinese

chitect of the attack on Pearl Har-bor, Admiral Isoroku Yamamoto, Thursday in La Jolla, California.

Some diplomats in Beijing con-sidered the China-Laos agreement to be part of the buildup to a meeting to be held in France on Dec. 2 between Prince Norodom Sihanouk, the head of the Cambodian opposition, and Hun Sen, prime minister of the Vietnamese-sup-

ported Phnom Penh government. Prince Sihanouk is president of a three-party, anti-Vietnamese coali-tion. The Sihanouk-Hun Sen talks will be the first to take place between the factions since the Vict-

namese invasion. But a Western diplomat said that despite what appeared to be an improved atmosphere leading up to the talks, nothing has altered the fundamental antagonism and dif-ferences between China and Vietnam that make any possible settle-ment of the Cambodian issue

As the main supporter of Prince come clearer that several countries Sihanoul's resistance, China has will place decisive emphasis on the refused to negotiate with Vietnam until the Vietnamese withdraw country, and ou that country's con-their troops from Cambodia. The tribution to the overall defense ef-Vietnamese claimed to be with-fort of the alliance." drawing some of their troops last week, but resistance sources in ring to the sentiment in Washing-Bangkok said on Monday that the too, London, Paris and several oth-withdrawal was a "farce" because it er NATO capitals that the time had amounts to little more than the annual rotation of troops.

Laos has accused China of sup-porting guerrillas lighting the Laotian government in recent years. But the Chinese denied giving such support. In a tone of reconciliation, however, a Laotian Embassy official in Beijing said this issue was "a thing of the past."

During the Indochina war in the 960s and 70s, China provided large amounts of aid to the Laotian Communists but halted all aid after the Laotians expelled Chinese road builders from northern Laos in 1979. The Laotians accused China of massing troops along the border.

An earlier breakthrough in China-Laos relations came in December last year, when China's vice foreign minister, Liu Shuqing, vis-ited Laos for the first high-level diplomatic exchange between China and Laos in eight years. China has drawn a distinction

between its relations with Laos on the one hand and with Vietnam and the Vietnamese-supported regime in Cambodia on the other. Some diplomats believe that China's aim in restoring relations with tates among Europeans and is filled forces in Europe, Mr. Carlucci, Laos may be to draw Laos into a by consensus among the allies.

Who took over as defense secretary last week, added, "I'm not ruling last week, added, "I'm not ruling last week, added, "I'm not ruling"

# Pentagon Study Finds NATO's Conventional Forces Can Deter Attack

By Bernard E. Trainor
New York Times Service

WASHINGTON - While outby the Joint Chiefs of Staff.

The assessment was prepared before the United States and the Soviet Union worked out the remaining details of a new treaty to ban medi-

#### **NEWS ANALYSIS**

um- and shorter-range nuclear missiles. The impending agreement has focused renewed attention on the balance of conventional forces. Many military and political lead- and planned level of military ers in Europe are concerned that the removal of the U.S. Pershing-2 and cruise missiles will leave the strengt Warsaw Pact with a decided conventional military edge, weakening the North Atlantic Treaty Organi-

zation's deterrent strategy.

By most counts, the Soviet Union and its allies outnumber and outgun NATO in conventional forces in Central Europe. The Russians have 1.7 times the number of personnel as the West, 2.5 times as pared.
many main battle tanks, 2.7 times A P. as much artillery and 3.3 times as many attack helicopters.

Some authorities say that with short preparation time, the Warsaw Pact could overwhelm NATO with an 8-1 combat advantage at the point of main attack. "But as those who follow professional football know," a Pentagon analyst said, "making comparisons on the basis of numbers and statistics can be misleading."

opposing weapons and the quality deterrent strategy and to see what of troops and leadership, must be would likely happen on the battle-taken into account. Political factors, including the reliability of allies, must also be considered.

Officers familiar with the report would not provide the scenarios for would not provide the scenarios for Equally important are economic factors such as each side's industri-al ability and mobilization base.

Each year the Defense Depart-

military balance in the summer. In military programs. The report was forwarded in August to Secretary of Defense Caspar W. Weinberger.

Pentagon of Science Caspar W. Weinberger.

The one glaring NATO weak-

Europe and was likely to remain so in the future.

While the impending missile treaty was not specifically considhas sufficient conventional ered in the assessment, both nuclestrength to make a Soviet attack ar and nonnuclear scenarios were highly unlikely, according to a classified "net assessment" of opposing strengths and weaknesses prepared by the Joint Chiefs of State of final actions as secretary, sent the report to Frank C. Carlucci, who was the president's national secunty adviser and recently took over as ecretary of defense.

The assessment is not meant to predict the outcome of a war, according to Pentagon officials. Rather, it tries to establish the risk to the security of the United States and the alliance with the current

In assessing the relative military strength of NATO and the Warsaw Pact, the study included many criti-cal nonnumerical factors that influence the military balance. These included the quality of leadership. morale and training. Both sides' ability to reinforce the battlefront was also included, and Soviet and U.S. command, control and communications abilities were com-

A Pentagon official said one of the most important sections of this year's assessment dealt with a comparison of reserves available to both sides. The official said that the quality and readiness of NATO re-serves was far greater than that of the Warsaw Pact and that this could be a critical factor.

Military officers said there was no way to predict the outcome of a war between the two sides, and the assessment did not try to do so. But In assessing the relative strength of the two alliances, many variables, such as the effectiveness of tion with it to test the alliance's deterrent strategy and to see what would likely happen on the battle-

Officers familiar with the report would not provide the scenarios for the war games, but said they included both nuclear and nonnuclear conditions. The "worst case" ment prepares a comprehensive scenario in the games was said to and highly classified assessment of involve a war starting in the Gulf U.S. and allied strength against potential enemies to take these variables into account and to validate some early and hard decisions to the NATO strategy of deterrence, avoid sending reinforcements to the Joints Chiefs completed their first assessment of the current a Pentagon officer said.

Those familiar with the war it they also looked at a comparison games said NATO did well enough of forces in 1994 based on projections of current U.S. and Soviet an attack by Warsaw Pact forces

of Defense Caspar W. Weinberger.

Pentagon officials said the study
and war games associated with it
concluded, as did earlier net assessments, that NATO was strong attack, and the alliance's limited enough to deter a Soviet attack to ability to respond in kind.

# Oslo's NATO Candidate Leaves Post to Wörner

By Serge Schmemann New York Times Service

BONN - Norway withdrew its candidate Monday for the top po-litical job in the North Atlantic Treaty Organization, ending an embarrassing tussle within the alliance and clearing the way for De-fense Minister Manfred Worner to become the first West German secretary-general of NATO.

The formal announcement is now expected at the NATO foreign ministers' meeting Dec. 11-12. at which the U.S. secretary of state, George P. Shultz, is also expected to report on the Dec. 7-10 summit meeting between President Ronald Rengan and the Soviet leader, Mikhail S. Gorbachev.

The Norwegian candidate, for-mer Prime Minister Kaare Willoch announced his withdrawal in a letter to the Norwegian government, in which he said that "it has besignificance of the candidate's own

Mr. Willoch was evidently refercome to recognize West Germany's key role in the alliance, both as the largest European contributor and as the front-line state hosting the forces of six other allies.

Washington has also reportedly favored putting a West German in the office as part of its effort to coax Bonn into a more assertive role in Western defense. One of West Germany's legacies from World War II has been a strong reluctance to undertake any military activity beyond its borders. It was regarded as a major devel-opment last month when Bonn de-

cided to station ships in the Medi-terranean to replace NATO ships working in the Gulf. But Bonn has so far balked at sending ships to the the West German constitution.

for secretary-general, to succeed alliance in an embarrassing bind. The military commander of NATO is always an American, but the office of secretary-general ro-

fense minister since Mr. Kohl took out anything at this point."



Kaare Willoch

office in 1982. Like the chancellor, & he initially opposed the U.S.-Soviet plan to eliminate all categories of medium-range nuclear weapons. But he is also seen as an advocate of a stronger European contribution to the alliance.

#### **■ Carlucci Meets Ministers**

Frank C. Carlucci, meeting with European defense ministers for the first time as U.S. defense secretary. said Monday the United States would have to become "more creative" in its conventional military support to NATO, The Washingion Post reported from Brussels.

Mr. Carlucci and other senior
U.S. officials say tighter hudgets
are threatening U.S. contributions
to NATO while allied countries demands for conventional military support are reaching new highs be-cause of the pending U.S.-Soviet arms agreement.

Mr. Carlucci said the United Gulf. arguing that this is not a States had to meet those new de-NATO mission and so is barred by mands by being "more creative." mands by being "more creative." because putting more money into Sources in NATO said Norway's NATO defenses was "going to be a surprise announcement Aug. 14 problem." He said U.S. options that it was nominating Mr. Willoch ranged from "terrain enhancements," or barriers that would help Lord Carrington of Britain, put the reduce the need for some troops, to improved cooperation in air defense agreements.

Although he said he supported 1. the continued presence of U.S.

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### General Ershad proclaimed the emergency a day before the main opposition parties called for a 72-

Babe Herman, Dodgers Batter, Dies

Babe Herman, 84, an outfielder for the Brooklyn Dodgers who batted 324 over 11 major-league seasons and was known as "the other Babe," died Friday after a long illness. The London-born daughter of a Viennese father and a French mother, Miss Handl took up acting when she was 36 and over the following years she appeared on stage, in movies and in television come-Born Floyd Caves Herman in Buffalo, New York, he played parts of seven of his 11 seasons with the dies as well as becoming an accom-plished writer. Her films included "Doctor in Love," "The French Mistress," and "The Belles of St Dodgers. He hit 393 in 1930, but lost the batting title to Bill Terry of the New York Giants, who hit .401.

Mr. Herman, who was 6 feet 4 inches tall, was known for attacking the ball although he was not a power hitter. He hit only 181 career home runs but batted over .300 **Ballet Choreographer** 

NEW YORK (UPI) - Choo He was also known as "the other San Goh, 39, a choreographer Babe" because his career over- whose ballets have been performed lapped that of Babe Ruth. In recent around the world, died Saturday of years, Mr. Herman has been con-sidered by the Veterans Committee mune deficiency syndrome. for induction to the Hall of Fame.

Earlier this year, Mr. Goh was awarded the 1987 Cultural Medal-

tion with Mikhail Baryshnikov and the American Ballet Theatre. Other deaths:

Helen G. Scott, 72, a writer and translator who was a close asso-ciate of François Truffaut and oth-er French New Wave film directors, of a heart attack Friday in

Mozafar Baghai, 78, former Iraof his country's oil resources in the 1950s, in a Tehran prison early this na attacked Vietnam. week, the Iranian daily Ettelaat re-

Thomas G. Lamphier Jr., 71, a U.S. fighter pilot who shot down the Japanese plane carrying the ar-

Navy pilot and aviation enthusiast who became vice president of American Airlines and then presi-British Actress lion of Singapore, where he was LONDON (Reuters) — Irene born. Mr. Goh's most recent work, Handl, 85, a British actress who "Configurations," was a collabora-

# **HOSTAGE:** France Remitting \$330 Million to Iran

(Continued from Page 1)

nine times.

Irene Handl, 85,

vided a much needed political boost for the Chirac government.

Despairing of accomplishing anything with Iran after breaking diplomatic relations with Iran last summer, Mr. Chirac turned the hostage problem over to Interior Minister Charles Pasqua, who formed the small clandestine negotating team led by Jean-Charles
Marchiani, a colorful, tenacions
former intelligence agent.
Mr. Marchiani and Mr. Pasqua

are from Corsica, a fact that one of the negotiators said Monday had impressed the Iranians with whom they dealt.

They knew Corsicans did not talk, that they would not be exposed to the kind of dangers they were exposed to after the revelations about the American contacts," the source said. "And we did not mix in arms in this. We knew that would end in disaster."

Mr. Marchiani left Paris for Beirut in mid-November and waited there for 10 days before getting word that the hostages would be delivered to him last Thursday. But a sudden upsurge in fighting pre-vented the captors from reaching the prearranged meeting point or from being able to telephone Mr. Marchiani.

They contacted Agence France-

Presse with a press communique that included instructions to a "Mr. Stephani," the pseudonym that Mr. Marchiani was using in Beirut, to meet them at another destination. Syrian troops also arrived at the exchange point, but Mr. Marchiani, accompanied by French secunty guards, faced them down

and took control of the two hos-

The French envoys who deali

with the Revolutionary Justice Or-

ganization are convinced that it is

totally controlled by Iranians, as

are the other organizations that still hold three French hostages and

eight American captives.



Wahid Gordji following his arrival Monday in Tehran.

# Airliners Used to Smuggle Explosives

STOCKHOLM (Reuters) — Couriers for a Swedish arms dealer smuggled explosives to Iran aboard commercial flights of the airlines Lufthansa and Swissair, according to Swedish customs officials.

Karl-Erik Schmitz, the head of Scandinavian Commodity AB in Malmo, Sweden, is currently awaiting trial on charges of smuggling explosives to Iran. He acknowledges supplying Iran with the explosives but says it was done legally. Arms trade experts say they believe Mr. Schmitz smuggled a total of \$600 million to explosives to Iran after buying them from companies in Western Europe, Israel and South

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T. It tries to establish that security of the United Se the alliance with the one planned level of mile assessing the relative mixes gth of NATO and the Was the study included mayo onnumerical factors that y the military balance is uded the quality of leaders ale and training Both si ity to reinforce the banks also included, and Sorie, command, control and o cications abilities were a

Pentagon official said on most important sections of r's assessment dealt with the ison of reserves available th sides. The official said day ality and readiness of NATO ves was far greater than the Warsaw Pact and that uld be a critical factor. Military officers said there way to predict the outcome

at between the two sides and sessment did not try to don! variety of computer-assistati imes were conducted in our on with it to test the affine eterrent strategy and to see ould likely happen on the be eid if deterrence failed ands Tirke out Officers familiar with the ne would not provide the scenario the war games, but said the

duded both nuclear and none ar conditions. The wors a scenario in the games was not involve a war starting in the C region and spreading to Cox Europe. "Such a war would relisome early and hard decisos. avoid septing reinforcement. the wrong place at the wrong or a Pentagon officer said. Those laminar with the c

gamus said NATO did well me in all the scenarios tested to a an accept by Warran Pacific higher risky and "logically may The one glaring NATO w ness in all of the games, expets

was an madequate defend at a Sewiet chemical and being attack, and the alliance's lim O Candidat \_

t to Wörner

East Germans Debate Limits of Church Activists By Henry Kamm New York Times Service
BERLIN — Candles were burning Saturday evening in Zion Evangelical Church in East Berlin, and bunches of flowers were tied to a metal fence outside. Young men and women were holding a protest vigil, while uniformed policemen patrolled outside and secret policemen mingled with the onlookers.

The vigil began after the police raided the parish house on Nov. 24 arrested two members of a peace and ecological group operating un-der church auspices, and confiscated printing equipment, as well as printed material that was termed hostile to the state."

The two men were freed Sunday, but church advocates said the vigil would continue until the equipment was returned and until reported criminal investigations against church activists were halt-

The crackdown, occurring at a time when a milder wind from Moscow is blowing through the Communist bloc, has shocked East Germans and provoked dehate within party circles, according to Communist Party members. At the same time, it has prompt-

ed a soul-searching among leaders of Protestant churches, under whose protection a widespread protest movement has sprung up in

Churchmen sympathize with

VIENNA — Pressure is growing on President Kurt Waldheim of

Austria to resign as an internation-

al commission reconvened Monday

**New Zealanders Report** 

8th French Nuclear Test

United Press International

- France conducted its eighth un-

derground nuclear test of 1987 on

Monday and the 90th such since it

began testing at Mururoa Atoll in

French Polynesia in 1975, the New

Zealand government said. Russell Marshall, minister for

disarmament and arms control,

said the explosion was detected by

a New Zealand monitoring team on

Rarotonga on the Cook Islands

and had a yield of 3 kilotons.

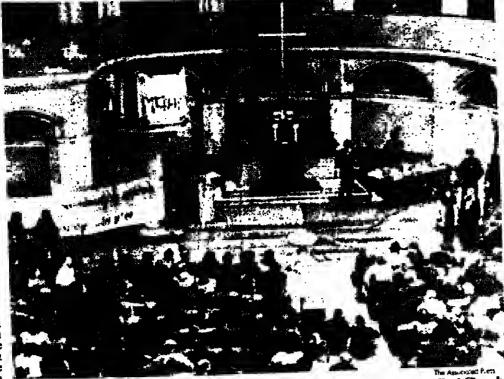
France never confirms nor denies

reports about its nuclear tests.

WELLINGTON, New Zealand

The six-member commission.

to examine his war record.



About 400 people took part in a vigil to against a police raid at the Zion Evangelical Church in East Berlin, where two persons were arrested and printing equipment was confiscated.

without fully sharing their Chris- religion.

ing to investigate whether Mr.

Waldheim, a former United Na-

tions secretary-general, was in-

volved in war crimes while serving in the German Army during World

As the commission met, the

branch of the governing Socialist Party in the state of Tyrol called at

its annual congress for Mr. Wald-

heim to resign for demonstrating

gaps in his memory and a sloppy

Previously, the Vienna section of

The commission meeting also co-

incided with an apparent change of

the party also called for Mr. Wald-

regard for the truth."

heim's resignation.

War II.

most of the aims of the young critics of the regime but fear that some relative tolerance that dissidents are taking shelter in their churches have secured under the aegis of ment Circle has been critical of the control of the co

Pressure Is Growing on Waldheim to Resign

which is funded by the Austrian dolf Kurz, is expected to issue its Resignation Report government, began its third meet-report in mid-January. Mr. Waldheim already has said he would not regard the commission's conclusions as hinding and for the resignation early next year of Mr. Waldheim, The Associated would be forced to resign as "non- Press reported. The conservative daily said an sense and unfounded.

His supporters have contended that Mr. Waldheim wuuld be forced to resign only if the commission showed beyond doubt that he was personally involved in war However, several members of the

commission have indicated that they would reject such a narrow definition of guilt, and might include knowledge that war crimes were being committed, a charge that Mr. Waldheim also has denied. Mr. Waldheim's accusers insist

heart by the newspaper Die Presse, which has began publishing articles more critical of Mr. Waldheim. Die that he must have known of the Presse, an influential Viennese daideportations of Jews and other cily, has been a supporter of the bevilians from the Balkans to death leaguered president. and labor camps while he was an The commission, headed by the Swiss military historian Hans Ru- intelligence officer.

The Daily Telegraph in London said Monday that the Austrian government is "quietly preparing"

investigation of Mr. Waldheim's activities as an intelligence officer in the Balkans by a panel of military historians would give Austrians some "unpleasant surprises." The report added that Mr. Wald-

heim "has been saying that he does not regard the panel's conclusions as binding, that his conscience is clear, and that he does not intend to resign.

Moderate Quake Jolts Greece The Associated Press

ATHENS - A moderate earth tremor shook the central Greek city of Volos on Monday but there were no reports of casualties or damage.

strictive human rights policies of the government of President Erich Honecker, the party leader.

Nevertheless, dissidents and churchmen say the police action was not so much aimed at this newsletter as at a more radical one known as Grenzfall, which is not affiliated with the church but may have been produced on the same printing equipment.

"We have nothing to do with Grenzfall," said the Reverend Günter Krusche, whose utle of general superintendent makes him the equivalent of the Evangelical bishop of Berlin.

Mr. Krusche was careful not to disavow the views of the more radical paper, whose title means "bor-derline case." But he expressed doubt over the effects of implicating the church in its publication. Our critics say, 'Jesus was here

for everybody, but you throw them out, "the bishop reflected. "We don't, but the church should stay the church. The task of the church is not the same as that of the political opposition."

While dissidents and the state were confronting each other on church grounds, an earlier intru-sion into the Zion church was the subject of a trial that began Friday.

Four members of a gang of young neo-Nazis faced an East Berlin court for naving raided the church during a rock music concert last month. They are accused of having beaten members of the au-dience with bottles and of having vandalized church property while shouting Nazi slogans.

#### Ecuadorans to Antarctica

Agence France-Presse QUITO, Ecuador - The first Ecuadoran expedition to visit Antaretica was to leave Tuesday abound the research vessel Orion on a mission to investigate the seabed surrounding the frozen continent and to set up a permanent camp to house future Ecuadoran teams.



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### ARTS/LEISURE

Ivana at work: 45 limousines "for the high-rollers."

# Ivana Trump: A Gaudy Life in the Casino

Trump looks too good to be true. ness assets.

She is 38, blonde and beautiful, the mother of three handsome children and the wife of one of the most interesting entrepreneurs in New York, Donald J. Trump. She also

#### HEBE DORSEY

commands three impressive es-tates, the t14-room Mar-a-Lago in Palm Beach — which belonged to Marjorie Merriweather Post, the Post cereal food heiress - a 38room house in Connecticut, a \$10 million triplex in Trump Tower and the ultimate toy, the Nabila, a yacht once owned by Adnan Khashoggi, which the Trumps acquired from the Sultan of Brunei for \$31

So when one bears that Ivana Trump is a hard-working woman, the vice-president of the Trump Organization and CEO of one of his three Atlantic City casinos. Trump Castle, one tends to be skeptical. Yet, beyond the glitzy exterior and the millions of dollars,

ATLANTIC CITY, New Jersey ous executive who has to be one of the face of it. Ivana her bushand's most precious busi-

Shortly afterwards, she emigrated to Canada where she became a fashion model. She met her hus-band at the Montreal Winter Olympic Games and they got mar-ried in 1977.

In the beginning Ivana Trump, who has a decorating degree from New York's Fashion Institute of Technology, was largely confined to interior design. But when her husband opened Trump Castle in 1985, he put her in charge. She was not new to the job. For the previous two and a half years, she had learned the ropes at the Trump

Now, she commutes to work by helicopter every Tuesday morning and comes back Thursday evening. The Trumps have 10 small helicopters plus a big one, the "Super Puma." Add to that 45 limousines "in all colors, including silver and added. "This is a business where

Trump has made a distinct suc-

'I know exactly who was there last night, how much they lost.'

cess of Trump Castle. In the first three months of 1987, Trump Castle showed a gross operating profit of \$18,227,000 on revenues of \$64,459,000 or a 28.3 percent re-

Our hands-on-style management and our strong belief in operating the Castle like a family business have led to this splendid first quarter," Ivana Trumo said.

they lost." The three Trump casinos have 13,000 employees and Trump Castle has 4,000 with a weekly payroll of \$1.2 million. Trump's mornings start with going over the daily casi-no and 600-room hotel revenues. "Then I go and sign every single check that comes out of this property. After that, I have a meeting with my vice presidents and we go over everything—finance, market-ing, food and beverage, transporta-tion, entertainment. The latter in-cludes a \$1 million Las Vegas show that is programed every six months that is revemped every six months. Trump also recently approved a \$200,000 budget for Christmas decoration. Her afternoons are spent wandering around around the ho-tel and casino, making sure every-

thing is fine. That keeps me in "There's a lot of hard work," she shape," she said.
ided. "This is a business where About 15,000 people stream into

Ivana Trump comes out as a serious executive who has to be one of her bushand's most precious business assets.

A native of Czechoslovakia, the only child of a successful engineer, she joined the 1972 Czechoslovakian Women's Olympic Ski Team.

Shortly afterwards, she emigrated of the high-rollers. I once out work seven days a week and 24 that casino every day. A third of the most discriminating noble taste, "I was given a chocolate them come aboard 150 buses from all over the East Coast. Each custhem come aboard 150 buses from all over the East Coast. Each custhem come aboard 150 buses from all over the East Coast. Each custhem come aboard 150 buses from all over the East Coast. Each customer gets a free ride, food couphons and \$30 in chips. Another third of the gamblers drive in, and they turned it down. In Japan, players over \$100,000." How does she decide? "It's all in the compatther come aboard 150 buses from all over the East Coast. Each customer gets a free ride, food couphons and \$30 in chips. Another third of the gamblers drive in, and they turned it down. In Japan, players over \$100,000." How does she decide? "It's all in the compatther come aboard 150 buses from all over the East Coast. Each customer gets a free ride, food couphons and \$30 in chips. Another third of the gamblers drive in, and they turned it down. In Japan, players over \$100,000." How does she decide? "It's all in the compatther costney of the most discriminating nother bushand's most precious business from all over the East Coast. Each customer gets a free ride, food couthird of the gamblers drive in, and they turned it down in Japan, players over \$100,000." How does she decide? "It's all in the compatthem come aboard 150 buses from all over the East Coast. Each custhem come aboard 150 buses from all over the East Coast. Each customer gets a free ride, food couthird of the gamblers drive in, and they turned it down in Japan, white is the color of mouring."

The Trumps also have jumbo jets with

gigantic scale. Ten restaurants 'Castle Characters' and their job is serve 13,000 meals a day. The to go around and entertaio our 25,000-square-foot hallroom guests.

(about 2,300 square meters) can accommodate 1,500 people. There is possible entertainment in firm

As for the decoration, it is beyond the gaudy. The immense hall is deporated with models of medieval gold castles, pieces of armor and banners embroidered with figures of knights and other medieval characters. The lines underneath read "You're the king" or "At your service." The goodnight chocolates are lip-shaped and the publicity lines read: "We deliver a package fit for a king" or "A royal feast to red Porsche."

Trump parts down European ca- za Athénée. Our name is Castle so sinos as "toys which are not making any money." Indeed Trump Castle is big bucks but Monte Carles the spirit that the state of the stat lo chic it is not. Everything is on a costumes. We can call them the

is nonstop entertainment in five are walking into fantasy land.

Brown and beige they can have at

With all of this she has not lost the knack of being a good daugh-ter. Her father had always wanted a red Porsche, but when he reached; 50 he thought he was too old, that it would make him look like a gigolo. But then, when he was 60 and had not been very well, his daughter called and said to him, "Look out the window." And there was the

# Harvard on Stage With Advanced Theater Training

By Robin Pogrebin
New York Times Service

CAMBRIDGE, Massachusetts - Over the last 200 years. Harvard University has been producing lawyers, doctors and business professionals. Now, it is also producing actors, directors and designers — and they are producing

This fall marks the beginning of the American Repertory Theater Training, a two-year program to prepare students for the profesional theater.

The institute, one of a growing number of theater training programs around the United States, is the brainchild of Robert Brustein, founding director of the American Repertory Theater and the Yale Repertory Theater.

Wheo Brustein proposed the can work, free of the pressure to program in 1979, Harvard humed it succeed." down; the reason given was that the

theater courses were introduced

grant from the Educational Foundation of America.

Now, after a trial year, Brustein couldn't be happier. We need, for our theater, young people who share both the training and the vision and the aesthetic of our company," he said. "They need to feel

'It's a program that is thoroughly conceived within the activities of a resident theater.

there's a place for them where they

university did not offer any compa-rable program for undergraduates. That was remedied in 1980 when institute and associate director of the ART. The theater is a non- ers

experience in lighting design — be received a Tony Award for the Broadway production of "Big River" — to Brustein's production this season of Pirandello's "Right You Are (If You Think You Are)."

only a new friend, but a kindred to what type of plays the theater spirit," he said. "I'd been chasing plans to do and what outside arrists him down, hoping he would say yes

involved, the more attractive this situation became," be said. "It was three months studying the commenew, yet it had a tradition to it of 20 dia dell'arte technique used in the years -a clear and strong aesthetic about theater." Riddell described this aesthetic

as dedication to repertory theater, to the presentations of classical works interpreted by a contemporary mind as well as to the presentation of innovative new work by both the playwrights and by oth-

connotations of research to it."

Indeed, Brustein said, the pro-gram is flexible. Whereas training at other drama schools usually follows a clear progression - realism. verse, post-modern - the curricu-Brustein is pleased to be working lum at the institute is intended to with Riddell. "I felt I'd found not change from year to year according

to come here."

Riddell, however, didn't need to be chased. "The more I became Carlo Gozzi, an 18th-century Ital-Next year, for example, when Andrei Serban directs a play by ian dramatist, students will spend play. The faculty is the company, said Brustein. Currently, Jeremy Geidt is teaching a mask class by day and performing in Pirandello's

are available to participate.

"Six Characters in Search of an Author" at the ART by night. Io addition to the regular facul-ty, the repertory theater has artistsin-residence, all of whom will devote some time to the institute into the undergraduate curriculum. profit organization that began at This air of professionalism, how-while they are working with the menting with long bamboo poles—is paradoxical, expending that Yale University under Brustein ever, does not preclude an emphasism of the they are working with the menting with long bamboo poles—is paradoxical, expending that Yale University under Brustein ever, does not preclude an emphasism of the they are working with the menting with long bamboo poles—is paradoxical, expending the play and is oow in its ninth season at sis on process. "It's not a museum play, "Gillette," the first of the the-

studies, and the institute was estab-lished with the help of a \$250,000 Gram from the Educational Foun-grant from the Education from t groomed for positions as literary managers at resident theaters.

Just as the institute draws from

the repertory theater for instruction, the repertory theater draws from the institute for productions. "It's a theater program that is thoroughly conceived within the activities of a resident theater community," said Riddell, "as opposed

to one that is barshly conceived of in an academic setting."

The acting classes consist of voice and movement as well as act-ing. Bonnie Raphael, the voice coa-ch, teaches such elements of technique as breathing, dialects and scansion. She works with students on releasing the rib cage ("that's

The students spend part of Ser-

imagination as well."

While at first such dramatics may seem like only pantomime, the students find it invaluable.

In Geidt's class, the students practiced slapstick — tripping for-ward while trading waiter trays, falling backward without bending their knees - and then they put on masks. "Don't make up your mind what the mask looks like," Gridt admonished, "put it on your face."
It is an exercise in "what the external does to the internal," said
Geidt. "The mirror is basically their text."

After experimenting with the masks in the mirror, the actors where your primal screams come rummaged through costumes — from"), loosening the lower jaw (in strewn about the room — to help order to reach "the guys in the complete the characters they had cheap seats") and integrating emotional complexity with physical and became a bumbling vegaboned. another was transformed into a dazed drunk as she strutted about ban's three-hour workshop experiin stiletto heels. Putting on a mask
menting with long bamboo poles—
is paradoxical, explained Geidt;
what Serban calls "the sticks"—
"You think that it confines, bot in

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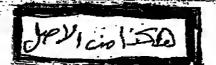
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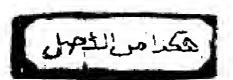
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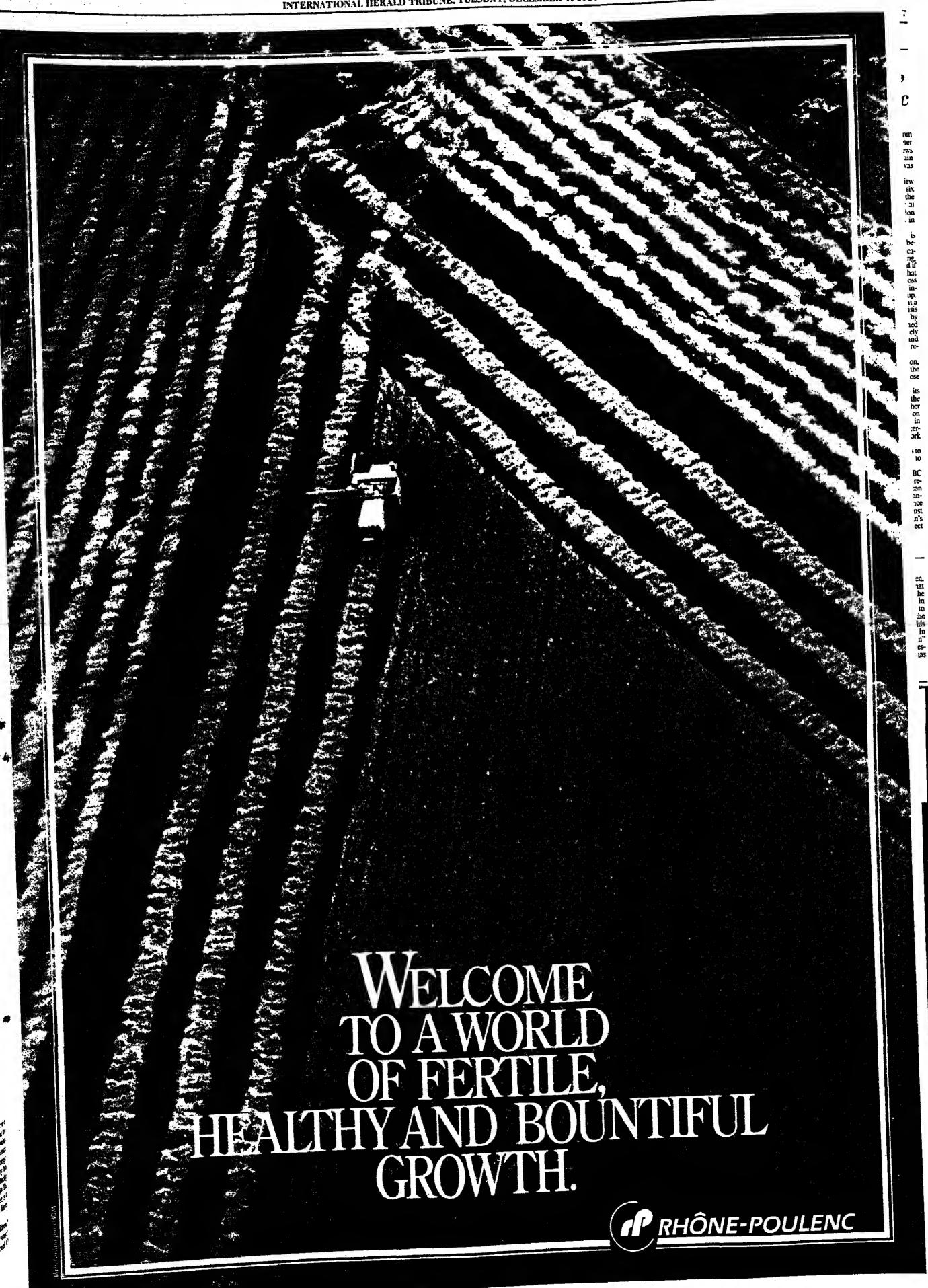


I was given a check, hich read "For the long, you're terrific."

since thad always wanted to seek. But when he made incought he was too old the make him look like a first hen, when he was 60 and hen when he was 60 and and said to him. Lodge a minimal want had there was a consideration.

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# Herald Tribune.

# Revenge of the Duvaliers

ence lingers. The elements that gained their privilege under the Duvaliers, with their gunmen and their anti-democratic ways. scored a grim victory during the weekend. They brought a level of terror and violence that forced cancellation of the elections that offered Haio its only prospect of loosening

the deadly grip of the past. Haitians have once again been denied the opportunity that democracy gives a people to take charge of their own destiny. The party specially at fault is the National Government Council, led by General Henri Namphy, which has ruled Haid since Jean-Claude Duvalier fled in February 1986. Not that any observer of its past performance was surprised, but this council failed dismally in the single task that could have justified its 22-month tenure: presiding over the process of Haiti's first direct elections for president and national assembly.

The governing council failed to support the independent electoral commission that the new constitution had empowered to run the elections. It failed to deploy the army in a

The Duvalier dynasty may have been expelled from Haiti, but its baleful influorder during the run-up to the elections and order during the run-up to the elections and on election day. The electoral council itself has a claim to moral authority, but it did not have the resources to make this claim prevail in the chaos that is Haiti today. The government dissolved it on Sunday.

What is clear from the derailment of the voting, however, is that there is no substitute for free elections. The electoral process was and is Haiti's lone hope for emerging somehow from its current despair and articulating a plan for its future.

The crowd running the governing council is tainted by its association with the Duvalier regime and, oow, by its disastrous stewardship of the elections. Everybody in Haiti and friends of Haiti in the United States and elsewhere should look again at what must be done to restore the movement to democracy. A collapse into anarchy from which a new military strongman might emerge is oo answer. There may be little experience with the self-discipline that democracy requires in Haiti, but there is a taste for democracy and a need for it.

- THE WASHINGTON POST.

# Glasnost or Secrecy?

Mikhail Gorbachev's policy of openness, or glasnost, fills Western news columns with naginable scenes: An actress, on stage, decries the fall of Boris Yeltsin, the Moscow party boss. The emigre dancer Rudolf Nureyev returns to visit his sick mother. U.S. scientists inspect Soviet chemical weapons plants, and Soviets return the visit.

The news does less well at describing the dark corners still unlighted by glasnost. One of these is the state security provision of emigration policy. Many Russians wish to leave — to join loved ones overseas or pursue their work or their religion or art more freely. They must hand themselves over to a process not of law but of whim. Why? Because it is said that they once knew state secrets. When is an ex-secret still a secret? When

the Soviet government says so.
Last week about 100 Soviet Jews, refuseniks all, crowded into a Moscow apartment to call attention to the stranglehold imposed on their lives by glasnost's opposite, secrecy. One of the meeting's organizers was Tatiana Ziman, whose life speaks eloquently of the cruelty of Soviet policy. She and ber busband, Yuri, first applied to lesve a decade ago. She was 38, he was 40. They had a baby daughter. Tatiana was a teacher and Yuri a physicist. The application to leave cost them their jobs.

With difficulty he found work as a plumber. She found none. Their daughter's

life has been spent on the abnormal ups and downs of hope and disappointment that are a refusenik's plight. The Zimans believe they are denied permission to leave because Yuri refused KGB requests that he become an informer. In a process of whim instead of law, grudges are as good a reason as any. The Gorbachev reforms improved life for

the Zimans slightly. Tatiana was able to. teach again. But emigration eludes them. One such tale after another attests to the security clause's power. A gravely ill 75year-old man is denied permissioo as a security risk; he retired 15 years ago from factory work. A woman who knew no se-

crets at all is refused; her father did. In a society known for xenophobia and suspicion, where hydrogen peroxide fac-tories are classified as militarily important, and where declaring research to be defense-related is the best bet for funding, finding a security interest is no problem. Nor is there any compunction about con-

cocting such interests out of thin air. Mr. Gorbachev has spoken reassuringly about emigration. He has freed some of the most prominent refuseniks. He has said that security precautions should oot apply beyood 10 years after a person's involvement in secret work. But for the Zimans and thousands of lesser known families, secrecy's cruel hold goes unbroken.

— THE NEW YORK TIMES.

# What the Money Buys

A French customs plane spotted the ship off the coast of Brittany, and when it en-tered French waters the pilot noticed that aircraft gun mounts, 20 missies, 1,000 Kathe five-man crew had put on wet suits. inflated a dinghy and were apparently getting ready to abandon ship. The pilot thought they might be smugglers or drug dealers who had seen the surveillance plane and decided to make a break for it. Customs forces on land were alerted and boarded the ship, the Panamanian-flagged Eksund. They found the largest hand of terrorist arms ever to be confiscated at one time.

Forsyth novel or a James Bond movie, but it all happened a few weeks ago, and it has a carrying stolen passports. One crewman was later identified as one of the most wanted members of the Irish Republican Army.

Inside benches in the cabin, customs men found five Kalashnikov rifles, ready to fire, a machine gun and five packs of plastic explolashnikov rifles, 50 tons of ammunition, two tons of plastic explosive and hundreds of grenades. The French, British and Irish govemments are convinced of the obvious; These supplies were being sent by the Libyan leader, Moammar Gadhafi, to the IRA.

If there are still people in the United States so befuddled as to believe that the IRA is a band of heroes deserving of financial emo tional and political support, this news should It sounds like the beginning of a Frederick set them straight. That plastic explosive is the kind used to murder 11 civilians on Nov. 8 in Enniskillen, where the wounded included special meaning for Americans. The cargo had been loaded aboard the Eksund in Lib-and 15. The IRA did that, It admits it did it. and 15. The IRA did that. It admits it did it. ya, and its crewmen were all Irish. They were And it will use every penny sent from America to murder and terrorize again. If that means dealing with the likes of Moammar Gadhafi, the IRA has no qualms. Americans who contribute to this kind of international terrorism should be ashamed.

- THE WASHINGTON POST.

# **Beware of AIDS Tests**

are highly accurate. Yet if applied to the population at large, they could falsely brand nine people infected for every true case identified. President Reagan's AIDS commission had better be sure it understands this treacherous paradox if it intends

to recommend widespread testing.

Applied to groups at high risk for AIDS, like homosexuals and drug abusers, the tests are highly reliable, and the minute number of false positives is dwarfed by the large number of true positives. The testing of prostitutes, as suggested last week by New York City's health commissioner, is worth considering because 20 to 60 percent may be addicts, and the proportion of false positives would probably be minute.

But that is not true of groups at low risk, among whom the very small oumber of true positives can easily be less than the number of false positives. If a low-risk group were screened for AIDS by the Elisa test, with its positive results confirmed by the Western blot test, 89 people out of 100,000 would be labeled as carrying the virus. But the real incidence of AIDS infection among this group probably is 10 per 100,000. The tests would miss one of the 10, catch the other nine and falsely describe 80 other people as carriers of the virus, according to new esti-

Present tests for the AIDS virus antibody mates by Lawrence Milke of the Congressional Office of Technology Assessment.

The U.S. Army has been testing military recruits, a low-risk group, for two years. Its chief tester, Colonel Donald Burke, believes that the rate of false positives is less than one in 100,000 people tested. But the army is able to insist on unusually rigorous standards from its testing laboratories. Civil authorities setting up mass screening programs would reap many more false posioves. Not only is the Western blot test for AIDS antibodies very difficult to perform, but there is not yet a generally agreed way to interpret its results. The slightest inaccuracy or sloppiness — a notorious problem with medical laboratories — quickly leads to more false diagnoses than true.

People infected with the AIDS virus risk loss of jobs, insurance and housing. What responsible government could assume the burden of falsely telling nine people they were infected for each true infection identified? The cost of screening low-risk popula-tions could be over \$50,000 for each true positive detected. In states that seek to reach infected individuals for counseling, there is an innocuous and cheaper alternative - tracing the sexual and needle contacts of those already diagnosed.

- THE NEW YORK TIMES.

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# Untie the SDI Knot With an Offer of Joint Research PARIS — Negotiations with the Russians oo climination of ouclear weapons have stumbled repeatedly in the Strategic Defense Initiative flow the STI = The S

Mutual distrust is causing both cour-Now the SDI casts an ominous shadtries to stay in a state of ruinous ow on preparations for the coming military preparedness, bleeding white their potential for wealth-creating U.S.-Soviet summit meeting.
As the SDI issue progressed to the

top of the agenda in U.S.-Soviet ocgotiations, undermining again the exceptional four-hour meeting in Octo-ber between Mikhail Gorbachev and George Shultz, several reasons have been given for Soviet opposition to space defense. But today we have clear evidence, at last, on the real reason. It comes from the chief of the Soviet general staff, Marshal Sergei Akhromeyev, who works at Mr. Gor-bachev's side. In an interview pub-lished late in October by the official news agency Novosti, Marshal Akhro-

meyev makes these points:

"We are deeply convinced that creating a space-based defense, for the United States, would radically step up the military threat toward the Soviet Union ... The United States would have the strategic capacity of

delivering a first strike."

"I share the view that if the present offensive-missile capacity is not reduced, and we keep increasing the numbers of strategic nuclear forces, then creating a 'protective shield' [SDI] is either impossible or impracti-cal until a very distant future."

· But we have today a new situation where the United States is wisbing concurrently to solve two prob-lems: create a space-based shield for itself, and at the same time come to an agreement with us to cut deeply the number of strategic missiles to 6,000 warheads oo each side. Given this reduced oumber of warheads on each side, we think it is then possible to create a space-based shield.

 Some compromise should be in-evitable. Otherwise we'll be engulfed by the abyss of the arms race."

Now that an authoritative voice has given a realistic explanation of Moscow's obsession with the SDI, preparations can be made for next week's summit and a subsequent one to deal with strategic arsenals and space defense. We know where the knot is. The challenge is to unde it. Clearly, the United States must

tists and educators, that the time has

than it is for President Reagan.

economies and ultimately endanger-ing the very existence of the world. Reduction of this mistrust is neces-

sary if we are to make any progress.

It requires acts of leadership 00 both sides, but the United States, as a

democracy, will oeed to take the lead. Support for acove leadership that

has a government to which a relative-

ly small oumber of people in power-ful positions decide the fate of leaders

who take particular actions. It is much riskier for Mr. Gorbachev to

take the lead in a peace breakthrough

It seems to us, and to a large ourn-

ber of concerned academics, scien-

WASHINGTON — The danger for the West is that the Soviet Union may be better prepared for the post-ouclear era than it is.

course to ouclear firepower, the West will have difficulty countering either the Soviet army's coercive potential or its actual invasion capacity. Checking the Soviets in a non-ouclear framework will require a fundamental change in NATO forces, whose purpose since the 1940s has been to supplement the various forms of nuclear protection. Their composition, deployment and institutional priorities are all ill-suited to sustained nonouclear defense. The same is true of

the armed forces of the United States." The West should not expect, therefore, that it can easily "fix" the convencional balance, in Europe or outside it, by adding new high-technology weapons or by other incremental enhancements. Instead, a complete postouclear audit would be needed to unfind a way to live with the Soviets. cover a myriad of tacit ouclear-use

come to take action leading to a serious, mutually acceptable approach to the "space shield" and so to an in-crease in the level of mutual trust. Such an inidadve should not be improvised at the last moment. The

stakes are too high. It should be clear-

ly stated and openly discussed. What we have in mind is an extension of a suggestion made by President Reagan in an official letter two years ago and since then either forgotten or misunderstood. The procontributes to peace is likely to win the approval of voters in America. The Soviet Union, on the other hand, posal was to share with the Soviets information from the Strategic Defense Initiative — as the SDI is achieved. A sharing of the technology, the end product of the research.

The offer has out even been con-

sidered by the other party, because to give away technology while live research continues can be regarded as a means to ensure permanent offensive superiority, not equal defense. It does

project — an ambitious, highly scien-tific defensive project in which the two sides participate jointly.

Joint research projects are common etween departments in universities, between corporations and universities, and between universities. Such projects are of course a far cry from joint research between countries on vital, security matters, yet we believe it is critical to move in this direction. The benefits from a successful venture would be immeasurable.

America's willingness, when it ap-pears to be ahead in this area, to share its results and proceed jointly should go far toward eliminating dis-trust. The Russians would see that America has no first-strike desires to hide. The spin-off benefits for weapons would be the same for both countries, so the Russians would have nothing to fear in that regard.

Also, making space defense a joint venture could reduce significantly the not alleviate fear, it increases it. Our adversarial relationship that has de-

ate, at long last, crucial resources for the stalled "knowledge economy."

lo addition, West and East could

possibly achieve in the long run and together the goal of developing a shield that would truly contribute to peace, since both sides would have it. It is this kind of bold leadership on the part of one of the two powers that is necessary if mutual distrust is to be reduced. The capacity to destroy the world is great. The cost in financial terms, in modernization of equip-ment and most of all in young brains trained for the oew sciences is growing and threatening our economics as we all have seen this antumn

Mr. Cyert is president of Carnegie-Mellon University in Pittsburgh. Mr.: Servan-Schreiber, a former French cabinet minister, is chairman of the university's International Committee. They contributed this comment to the

# A Post-Nuclear Era Means Big Change for the West

By Edward N. Luttwak This is the second of two articles.

In Europe notably, without re- structural or operational remedies, ranging from the decentralization of stores and repair depots (now all highly centralized for efficiency under the ouclear assumption of all-or-nothing bombardment) to the restoration of predominantly reservist ground armies to oppose similar Soviet forces.

The West will also have to change the way it thinks — and talks about conflict. For today's military officers, who have grown up in the nuclear era, "sustained" combat implies weeks, oot years; "mobilized" forces imply the augmentation rather than the multiplication of standing armies; "large-scale" implies dozens of divisions at most, not hundreds.

The emerging post-ouclear era also means that current arms control and nuclear-weapon-acquisition policies are becoming directly contradictory. In the past, overall nuclear force

assumptions. Each then would require goals could be legitimately pursued by acquiring some new capabilities while limiting other avenues of development by agreement or unilaterally. What mattered was to maintain an advantageous balance between ouclear acquisitions and nuclear limitations. Now, in contrast, arms control measures that deliberately accelerate denuclear-

ization must be balanced by conven-

tional-force acquisition, or by other,

non-nuclear arms control measures that reduce operational imbalances in the various theaters of interest. As for nuclear weapons, the issue is

no longer their efficiency or compatibility with arms control goals, but their very purpose. If you accept the advent of post-nuclear conditions, then the complex of current nuclear programs can no longer be justified.

as offensive "strategic" nuclear capa-bilities perhaps should be increased The worst outcome would be to slide into a post-nuclear world with ouclear forces that are largely irrelevant and non-nuclear forces that are.

structurally inadequate. A fundamental decision at the level. of grand strategy is thus required to determine whether the strategic decline of ouclear weapons is to be resist-ed or accelerated. Only then can congruent arms control and military policies be formulated. At this stage, however, even the nature of the problem has yet to be recognized in its full strategic implications.

The writer holds a chair in strategy. at the Center for Strategic and Inter-national Studies and is the author of "Strategy: The Logic of War and Peace." This comment was adapted for But if you intend to resist denuclear-ization as much as possible, then pol-icy must change drastically, and the of The Washington Quarterly.

# Why Jews Will Mass for the Summit

By Natan Sharansky

J ERUSALEM — One of my first gulag cell mates was a professional swindler. After a career of enterprising scams, Leonid had exhausted his opportunities for "work" in the Soviet Union. As he served his sentence, he was studying English with the bope of someday living in the United States.

"What will you do in America?" I asked. He replied: "Some of my colleagues are already there. They write that America is the best place in the world for those in our profession. The Americans are good businessmen. but otherwise they're as naive as children." Next week, for the first time in 14 years, a Soviet

leader will visit the United States. After a series of unappealing bureaucrats, Mikhail Gorbachev represents a stunning contrast. With his smile, charisma and charming wife, he has captivated the U.S. public. There is on question that Mr. Gorbachev is a new type of leader. Unlike his predecessors, he is a realist about

the economic problems facing the Soviet Union. He understands how badly it has lagged behind the West. He understands that the only way to close the techno-logical gap is to build closer ties with the United States. That is why Mr. Gorbachev is working to improve his country's image. Human rights is a major part of that image, but so far, at least, the situation has not changed significantly. True, the public-relations cam-

paign has been excellent, and there have been favorable developments for prominent dissidents. But all along, the struggle for Soviet Jews has been for the release of all of our people who want to leave. Emigration figures are ooce more on the rise, but compared with emigration in the '70s, today's oumbers are tiny. In a society where 400,000 Jews have taken the first step in the emigration process, the release of 5,000 or 10,000 a year is insufficient.

Moreover, Mr. Gorbachev has actually made the emigration process more difficult. New laws are even more restrictive than those of Leonid Brezhnev, for now only Jews with invitations from immediate family members can even apply for visas — a restriction that from the Soviet Union in February 1986 after nine ye eliminates more than 90 percent of the 400,000 who prison. He contributed this to The New York Times.

have already made their decision. And for all the talk of glasnost, or openness, many in the gulag, including a oumber of human rights activists, still languish in prisons, camps and psychiatric hospitals.

For the Soviet Union, human rights are important oot for their own sake bot as a factor in superpower relations. For the West, they are a moral issue and the ultimate measure of real change in the Soviet Union.
That is why U.S. Jews and other Americans who value burnan rights and know that peace and freedom are inseparable, will gather in Washington oext week-

end oo the eve of the Reagan-Gorbachev meeting. There are those who say that this is the wrong time for an appeal on behalf of Soviet Jews, that a demonstration may undermine the prospects for peace, that it could encourage Mr. Gorbachev's opponents, that it

might squander an historic opportunity. Yes, there really is a historic opportunity. This is precisely why Jews are coming to Washington. We have had historic opportunities before and have been bitterly disappointed. The summit meetings of the early 70s were followed by oew arms races and Cuban troops in Angola. The Helsinki Act of 1975 was followed by massive repressions against human rights activists in the Soviet Union. The summit meeting of 1979 was followed by the invasion of Afghanistan.

Mr. Gorbachev's visit represents a historic opportunity to move in the direction of a peace built on mutual trust. But if his visit is greeted only by our naivete, then

Leonid the swindler will turn out to be right.

During my imprisonment, the KGB often tried to convince me that my life, like the lives of other prisoners of Zion, was in their hands and oot in the hands of students and housewives," as they contemptuously refer to our supporters ontside the Soviet Union. But an army of "students and housewives" was able to prove them wrong. Soviet leaders may again believe that the fate of Soviet Jews is entirely in their hands. Let us again prove them wrong.

The writer, formerly Anatoli Shcharansky, was deported from the Soviet Union in February 1986 after nine years in

### American Voters Will Add Up Real Gains in the Missile Pact

By Tom Wicker

treaty that Ronald Reagan and Mik-President George Bush oppose the

treaty, or are reserving judgment.
This not only confounds partisanship; it suggests a Republican death wish on arms control perhaps as strong as the Democrats' seemingly incurable urge to raise taxes. That is because the proposed elimination of medium- and shorter-range nuclear an intricate system of on-site inspecmissiles from Europe is not only a tion by both sides. This satisfies even useful, if limited, step away from the Senator Bob Dole, Mr. Bush's princidangerous age of superpower ouclear pal challenger — although Mr. Dole . . confrontation. It is also likely to aphas yet to support the treaty — and pear that way to U.S. voters.

history of arms control negotiations, an entire category of missiles will have been removed from the superpowers' armed forces. The larger oumber of weapons removed, more-over, will be Soviet; and although what matters is the equality of the end result - no medium or shorterrange missiles in Europe for Moscow or Washington — the greater Soviet numerical sacrifice is likely to be ap-

pealing to Americans. Second, the primary U.S. weapon to be eliminated, the Pershing-2, is particularly "destabilizing" because from launchers in West Germany it

India's opposition to such an arrange-ment was tight and inevitable because

it does not answer the problem of

useful setting for bilateral dealings. The Indo-Sri Lankan summit dia-

Chinese ouclear capabilities.

NEW YORK — All Democratic can reach far into the Soviet Union. presidential candidates, to vary- Thus it threatens the Russians with a ing degrees, support the arms control devastating strike against their command system and important military .: :: hail Gorbachev are about to sign. All outposts — which means, in turn, ——
Republican candidates except Vice that these U.S. missiles offer a tempt—— ing target for a pre-emptive Soviet .... strike. Elimination of this weapon ... from the European scene would ease the level of military tension in any

East-West political crisis.

Third, and perhaps most important for the long term, the treaty, if signed and ratified, would establish goes further than any arrangement How, after all, will they view this accomplishment, if the treaty is cans' demands for "fonlproof" venitsigned as scheduled and sent to the Senate for ratification?

First, and for the first time in the senate for the to foreign inspection. And it estab-lishes a precedent for verification procedures in future, and perhaps

more extensive arms agreements. Fourth, the acceptance of this treaty would be an indispensable step toward such future agreements - in particular, the progressive reduction by both sides of intercontinental ballistic missiles and long-range bombers, the weapons that would make a "first strike" possible for either side.

The treaty might also be an important political achievement for Mr. Gorbachev, whose survival seems to be in the U.S. interest.

What are the arguments against the treaty? The only argument of any weight is that the treaty leaves Europe vulnerable to Soviet convention al strength. But with more than 4,000 U.S. tactical warheads remaining in Europe, together with British and French ouclear forces, Western no clear deterrence to a conventional at-The Katmandu summit provided a tack will remain significant. And seful setting for bilateral dealings. when the United States first had no medium-range missiles in Europe logue, continued in New Delhi, was from 1963 to 1983, deterrence never

begun at Katmandu. An agreement theless must have been adequate. was reached between India and Paki-Besides, a Soviet conventional asstan on a schedule of bilateral meetsault on Western Europe makes no ings which had been interrupted. more sense now than it ever did. And The rhetoric of the final statements it still, as both sides know, is as likely at Katmandu should not cloud the as it ever was to set off, one way or fact that SAARC has come to stay. another, the ouclear holocaust.

The New York Times.

#### International Herald Tribune.

100, 75 AND 50 YEARS AGO

#### 1887: Winter Cheer

NEW YORK - Everybody seems in the flush of spirits and on the go. It must be the weather, as there is no other particular reason for this show of merriment and self-satisfaction. Socially, the season promises nothing extraordinary. Theatrically, there have been more failures than successes. Politically — well, part of the world one meets isn't affected a finket in the last few days has reflecte ger's snap by the political condition; and financially, to tell the honest truth, money doesn't seem to be lying about more promiscuously than usual. Beyond a question it's the weather, the crisp air that winter shook out of her garments a few days ago.

### 1912: Polo Challenge

LONDON - The announcement that Britain has sent a challenge to

and has since been unsuccessfull competed for by this country, ha been received with pleasure by pol-players here. The Duke of Westmin ster will bear the cost, and he ha purchased a large stud of fast ponice

#### 1937: Roosevelt Acts PARIS - The New York stock man

the change in sentiment that hat come over the business world sinc President Franklin D. Roosevel showed he was in earnest in his deter mination to combat the threatenin depressioo. The disappointmen which followed his message at the opening of Congress a fortnight age when he seemed to ignore even the existence of any abnormality in trad-and industry, has made way for more cheerful outlook. The presenta tioo of the housing program, on to the United States to play for the of the announcement that the government and the control of the announcement that the government departments had been instruct ment at a time of new American Great Britain by Henry Payne Whit- ed to accelerate orders, cannot fail by

# South Asians Have an Association to Reckon With

N EW DELHI - The main significance of the third summit of the South Asian Association for Re-

gional Cooperation, or SAARC, is that it was held. The meeting in Nepal last month produced a Katmandu Declaratioo and other agreements, announced with the fanfare one has come to expect from such gatherings. But the important thing was what those agree-ments highlight—the central fact that the association is developing a will and momentum of its own. It is beginning to influence the foreign policies of the seven member countries — Bangla-desh, Bhutan, India, the Maldives, Ne-

pal, Pakistan and Sri Lanka. No longer is it given to India or any other member to opt out of SAARC. Rather, it is now up to the members to mold the association in line with

their foreign policy interests.

The Katmandu meeting illustrated yet again the contradictions that abound among the member countries. Indian-Pakistani animosities flow from the partition of the sub-continent in 1947, and from Pakistani fears of Indian dominance. This latter concern is shared to varying

degrees by the other members. Another central contradiction is that while India has a close defense and economic relationship with the Soviet Union and shares its world view in many respects, Pakistan is aligned with the United States. Most of the other members do not share Soviet views. New Delhi is thus reminded that the closer its links with Moscow, the harder for India to lead SAARC

The question of Afghanistan's admission showed the classical Indian

problem. Pakistan, of course, could not but oppose the Indian proposal

because it does not recognize the Ka-

bul regime. But none of the other

By S. Nihal Singh members was particularly enthusias- dian fears are that the pro-Western

tic about importing a major symbol orientation of most ASEAN members of superpower conflict into SAARC, will tend to suck SAARC into its orbit.

implemented at cootinuing bot justified cost, underwrote the basic assumptions of India's strategic interests. How good the accord looked against the setting of SAARC is one

New Delhi is thus reminded that the closer its links with Moscow, the harder it is for India to lead.

indication of its value in serving India's larger interests. The food reserve concept approved

at Katmandu, however elementary its

stage, is the kind of initiative that SAARC should promote. Meanwhile, other issues that came to the surface revealed India's dilemma: a lack of Indian definition of the extent of autonomy the region should have. Pakistan's proposal to seek linkages with the Association of Southeast Asian Nations, as also the suggestions of Bangladesh and Bhutan, among others, for external assistance, met

with Indian opposition.

New Delhi should re-examine its total opposition to outside linkages because it does not stand to reason and will only encourage the other member countries to seek such linkages outside SAARC's framework. In-

and although the issue was resolved after a fashion by postponing it, India was left holding the baby.

The Indo-Sri Lankan accord, being mind that does not see the benefits that the fledgling SAARC could de-rive from interaction with an older

Asian regional grouping.

Nor does India's opposition to external funds for SAARC's development make much sense. It is perfectly valid to argue that the association should be as self-reliant as possible, but the need for outside aid is obvious. The smaller countries in particular are desperately in need of all the money they can get, and it would be to India's advantage to have major foreign aid routed through the association, rather than bilaterally. The point is the terms on which such aid should come, not whether it should be accepted.

India, supported by Sri Lanka, was on solid ground in pleading for regional cooperation in the core economic sectors. Pakistan's opposition to such cooperation is determined by both economic and political reasons, the latter in particular. Protection of na-scent industries in the smaller coun-tries is a legitimate pursuit, but to create a whole string of hurdles to mutually beneficial trade for political reasons flies in the face of reason and

negates the very basis of SAARC.

It should not have come as a surprise that Pakistan used the Katmandu summit to promote its policy on the nuclear issue. Islamabad no doubt wished to obtain the maximum mileage from its well known proposal for a subregional nonproliferation arrangedoubts about its ouclear intentions, ney's famous Meadow Brook team, make prospects fairer still.

**OPINION** 

assigned to defensive a w isive "strategie" mider es perhaps should be moread worst outcome would be t to 3 bost-unclear world at forces that are largely into id non-nuclear forces that a rally inadequate. ndamental decision at the loc nd strategy is thus required a f nuclear weapons is to be to acceptated. Only then can a

arms control and min

s be formulated At this see as yet to be recognized in the ese implications e water holds a chair in street Center for Strategic and lasnal Studies and is the autors Begy The Logic of War at e. This comment was adaptely. or apearing in the winter the

# Will Add U 2 Missile Pad

ec Wastumston Quarterly.

icker

treach far into the Soviet Une us is thereutens the Russians with assimina strike against their ore and system and important miles irents - which means, in he at these L. S. mussies offer a temp g target for a pre-emptive See rike Elimination of this water the European same works en level of maintain tension and ्रा अल्ड क्लान्स व्यक्त

ide you to support the train — a in further than an arm ier in steeling other his list list it will amountable in research for write

Nonviolence Is Unwelcome As a Palestinian Weapon By Anthony Lewis

curious political being. He is an Arab, born in Jerusalem, who tells fellow Palthe best hope of ending Israel's 20-year occupation of the West Bank. "I don't want the next generation of Palestinians educated in violence." Mr. Awad told

want our flag to have only a rifle on it." The government of Israel has responded by moving to expel Mr. Awad. The Interior Ministry ordered him to leave by Nov. 20. He has not left and

says he will not go voluntarily.

He is an individual without power or great personal following, but his case engages large interests. Diplomatic efforts to settle the West Bank's future are at a standstill, frustrated by, among other things, deep division in Israel. The government is split down the middle on the proposal for an international conference.

But realities do not go away. Fore-most is the fact that 1.5 million Palestinians live in the West Bank and Gaza. If Israel formally annexed the territories, it would be a binational state, 40 percent Arab. But if it continues to rule them militarily, denying the Arab inhabitants political rights, it ensures a sullen, hostile population - and ensures the corruption of its own democratic ethic.

This uncomfortable reality is coming to be recognized in Israel even by some in the Likud Party, which has opposed giv-ing up any part of the West Bank. They call it "the demographic problem." But the political obstacles block negotiation. It was into this stalemate that Mu-

Torture as Policy?

OVER the last 16 years, thousands of Palestinian Arabs from the occupied West Bank and Gaza Strip have been convicted by Israeli courts of terrorist activities and other security offenses. In many of these cases the primary evidence provided by confessions. Now an official Israeli commission has found that agents of the domestic intelligence agency routinely used "physical pressure" to wring confessions from suspects.

Israel is not, course, the first democracy confronting irregular warfare to resort to this expedient. Most recently, British forces have been accused of mistreating suspected IRA terrorists. But to say this, or to take refuge in the argument that Israeli security agents are only doing what those in Arab states regularly do, is to obscure a central moral issue. If the guardians of Israel's internal security are a foreign policy question," he said. "It is given official leave to behave with the same lack of decency as their counterparts in Syria or Iraq or Libya, what kind Hannah Siniora in protesting about Mr. of society is Israel on the way to becom- Awad. We may save this or that man ing? If police torture is held to be a from injustice. But it will go on unless we necessary mode of conduct, what of Israel's claim to be morally distinct from those who would destroy it? - The Los Angeles Times.

B OSTON — In a region of extremity barak Awad stepped two years ago, and violence, Mubarak Awad is a when he set up in Jerusalem a Palestinian Center for the Study of Nonviolence. Using the models of Mahatma Gandhi estinians that nonviolent methods offer and Martin Luther King, he urged Palestinians to resist the occupation by such means as planting olive trees on land claimed by the Israeb government and refusing to fill out forms in Hebrew. the Israeli newspaper Haaretz. "I don't Mr. Awad lived in the United States

for some years and acquired U.S. cirizenship. For that reason the Interior Ministry refused to renew an identity cord that allowed him to live in the occupied territories - a decision with a certain irony, since American Jews, many of them retaining their American passports, have played a leading part in the establishment of Jewish settlements in the West Bank. The U.S. State Department spoke up

for Mr. Awad, calling him "a moderating influence." Israel's Foreign Ministry apparently wanted to let him remain on a visitor's visa, But the Defense Ministry whose chief, Yitzhak Rabin, has run the West Bank with an iron hand - said no. To expel Mr. Awad would send a message to Palestinians: Nonviolence as a

itical strategy is useless. Violence always has its appeal to a people denied political expression. A Syrian-supported guerrilla flew a glider into Israel the other day and killed six soldiers. Most Americans, like Israelis, were horrified. But reports from around the Middle East said, not surprisingly, that most Pal-estinians took pride in the attack.

Logically, then, one would think that Israel should want to legitimize peaceful political means of expressing Palestinian nationalism. But that ignores the zerosum attitude that has cursed the relationship for so long: the refusal of each side to admit the legitimacy of the other. Even now the Palestine Liberation Or-

ganization plays games about conditions for recognizing Israeli sovereignty. And Israel dismisses the PLO as a terrorist group, refusing to recognize that it in fact speaks politically for most Palestinians. A Palestinian and an Israeli who do

accept each other's political existence have been touring the United States under the auspices of Peace Now, urging an international peace conference. They are Hannah Siniora, editor of Al Fajr in Jerusalem, and Mordechai Vishubsky, a Knesset member from the small Citizens Rights Party. When I saw them, I asked about the threatened expulsion of Mr. Awad. The editor said it was another sign that "we are not allowed self-ex-pression." The politician saw an example of the larger injury done by the failure of the peace process, "It's not just sceping into our fiber as a nation."

Then he said: "I am ready to join Awad. We may save this or that man solve the basic problem. I don't want to be the Red Cross. I want to be the Pasteur who has the cure for the sickness."

The New York Times.



# Are Japanese Comic Books A Sign of National Doom?

By Tamotsu Sengoku

comics, compared with less than 20 percent in the United States, according to a survey conducted by the Japan Youth Research Institute, which I direct.

The figures also show that Japanese adolescents now admire anti-heroes and

#### MEANWHILE

goof-offs rather than the once popular

fictional sports stars.

Both Japanese and American high school students say their studies are what they talk about most at school. Next are nonacademic topics such as professional sports, fashion and popular music, which are discussed with nearly equal intensity io both countries.

But when conversation shifts to other subjects. Japanese kids prefer to talk about cartoons. A teen-ager who does not read them is labeled square. Ameri-

dead of a heart attack in his bome in Paris on Nov. 9. Mr. Conturier was

born io Orleans on Oct. 6, 1932. He had

traoslated Asbbery's "Fragmeot"

(Scuil, 1975) and "Sunrise in Suburbia" 1"Lever de Soleil Suburbaio" in "Vinga Poetes Americains," Gallimard, 1980).

His own work includes several books,

amoog them "L'Ablatif Absolu" (Maeght, 1976) and "Lignes de Par-lage" (Le Collet de Buffle, 1985).

CLAUDE ROYET-JOURNOUD.

Regarding "Dixie Wreck: Will It Rise

The news that the sunken Confeder-

ate raider Alabama is to be explored will

arouse interest io Geneva as well as in

the southern United States. In the town

It was here, in 1871, that the world's

hall is preserved the "Alabama Room."

first international arbitration took place

The United States was awarded \$15.5

Down Yonder in Geneva

Again?" (Nov. 16) by Borry James:

T OKYO — More than 70 percent of can students tend to focus on after school section activities — the football team and the clique's weekend plans.

Why are Japanese adolescents booked on comics? The answer must lie in some corner of the oational psyche.

In 1960, prompted by the Prime Minister Hayato Ikeda's plan to double national incomes within a decade, Japan began to grow rapidly. But the boom ended with the first oil crisis in 1973, and the country down-shifted to a slower rate of expansion. Comic books at first mirrored our economic lives. "Stars of the Giants" was a typical strip of the early 1960s — the saga of a boy whose father trained him rigorously to become a skilled and disciplined baseball player. These were the same qualities that characterized workaholic businessmen in the '60s.

After 1974, comic books changed dramatically. The new era was represented "Muscleman," which chronicles the adventures of a weak, clumsy wrestler who makes excuses and a quick exit when faced with a tough opponent. When he wins, it is often just luck or his energy food - garlie, whose strong smell many people find offensive. Muscleman's slapsuck became a rage.

Hard work and justice are laughing matters in Japan today. One television comedian, who is a favorite among college and high school students, ridicules igence and proper behavior. He lusts after women and money with an honesty that audiences find irresistible.

American journalists ascribe the Japa nese passion for comic books to the pressure-cooker theory. Everyone here is under intense stress; teen-agers must study for the highly competitive college entrance examinations and adults have to boost the gross national product. Comic books are a chief escape.

The pressure theory is correct as far as : it goes, but it overlooks a loss of values such as self-sacrifice and personal responsibility. There are no comic strips about achieving success through hard work or fighting for truth and justice.

The shift from courage in the face of

adversity to low humor follows an erosion of other traditional values. Conformity in the society is breaking down. Our survey found that Japanese and U.S. high school students have different attitudes about growing up. Although

most U.S. adolescents in the survey said they want to become independent adults as soon as possible," only a minority of . their Japanese counterparts were happy about that eventuality. Most Japanese teen-agers would rather remain students as long as possible. That way they can enjoy themselves and post-pone tough decisions about careers and

marriage. It is Peter Pan's Never-Never

Land, a world away from the values that

This comment, from the Nihon Kezai Shimbum, a daily financial newspaper published in Tokyo, was distributed by the

#### LETTERS TO THE EDITOR

For the Third World, \$20 Billion Is a Meager Handout operation, this time from a poverty-stricken Third World to the leading cap-

Regarding the opinion column "Ja-pan's 'Marshall Plun' Needs Work" (Nov. 20) by Hideki Tamizawa:

The \$20 billion that Japan has considered lending and investing to the Third World over the next three years is paltry when compared to the bemorrhage of funds pouring out of these conotries. Since 1981, the Third World has transferred more than \$250 billion to transnational banks and developed-country governments as it lights desperately to service a debt that careens out of control toward \$1.3 trillion.

Even the \$250 billion figure underestimates the net capital flow from underdeveloped to developed countries, since it excludes profit repatriation by transnational corporations and capital flight. There is already a "Marshall Plao" in

U.S. Traders Have Leverage

William Pfaff's column "For a Big Program to Expand American Exports (Oct. 29) is first I have seen in upper ranks of journalism about the potential role of the American Chambers of Commerce overseas in the U.S. trade picture. With 36 chambers abroad, the United States has potentially the most extensive private trade network of any country, but this potential has been ignored by

oo many American businessmen. Mr. Plast goes to the heart of the problem of the U.S. trade deficit, Unformenately, instead of concentrating efforts on expanded competitiveness of American products, the U.S. Congress is intent on passing an Ornnibus Trade Bill whose retaliatory tariffs, together with the re-cent stock market decline, bring back

The writers are farmer afficials of the UN Conference on Trude and Development. rowed a long time to get to Tahiti.

FREDERIC F, CLAIRMONTE,

JOHN H. CAVANAGH.

italist countries, among which Japan is

a whopping beneficiary.
The original Marshall Plan's \$13 bil-

tion in loans and grants were, of course,

oot only partially repaid, but they also

opened the portals to large-scale penetra-tion of U.S. corporations into Western Europe. In much the same way, the pro-

posed \$20 billion from Japan is little

more than a public relations stunt of Japan lnc, which would gain enormously

from the loans and iovestments through

tied purchases and profit repatriation.

When Hostages Are Ignored

ernment or wealthy family considers he is worth. If his capture and detention are ignored, he loses much, if not all, of his bargaining value for his kidnappers, and may even possibly be released.

the instance of the kidnapping of the son of President Spyros Kyprianou of Cyprus. After his father wrote him off, he was quietly released. There is a risk, but at least the bar-

gaining initiative is transferred from the victim's government or family to the

haunting memories of the era of the 1930s and the Smoot-Hawley Act. HERMAN H. BURDICK.

A hostage is worth what his own gov-

This was the case some years ago, in

Is It Pirating or Copying? Richard Reeves's opinion column on Asian counterfeits, "How Do We Wage War on Piracy?" (Oct. 27), made me

think of the adage, "One man's freedom fighter is another man's terrorist." Especially since, in the same edition, an article appeared by Anne-Marie Schiro about 'real" costume jewelry. Apparently it is considered normal for priory designers to 'copy" other people's creations, is this just because they are not Asians?

should be given the least possible public-

ity - which is the main purpose of

pointically inspired taking of hostages.

Regarding "Four-Fifths of the Popula-tion Then Rowed Home to Church"

In writing that the Bount; mutineers settled Pitcairn Island along with "six Haitian men" and "12 Haitian wom-

en." William F. Buckley Jr. has man-

aged to confuse Tahiti with Haiti. This

Those poor "Haitians" must have

JOHN V. WHITBECK.

NADINE PINEDE

Oxford England

Not So Easily Done

(Meuralule, Nov. 24):

is not easily done.

T.L. CHRYSANTHOPOULOS.

KEN COWAN.

A Poet and Translator

John Ashbery's French translator, the poet Michel Conturier, was found

million in gold from Britain as compensa tion for damage inflicted on the U.S. merchant fleet by the British-built Ala-hama during the Civil War. The "Salle de l'Alahama" is kept just as it was, with the addition of portraits of the opposing captains, Rafael Semmes and John Winslow, and a scale model of the ship.

FREDERICK B. TURNER.

Lesters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Let-ters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

led to Japan's postwar success story. Asia Foundation's translation service.

In June 1987, Philips confirmed its position as one of the world's leading manufacturers and suppliers of integrated circuits by announcing a major breakthrough in submicron IC technology: the development of a functional 1-Mbit SRAM (Static Random Access Memory) chip measuring only 90 sq. mm. and containing over 6 million transistors.

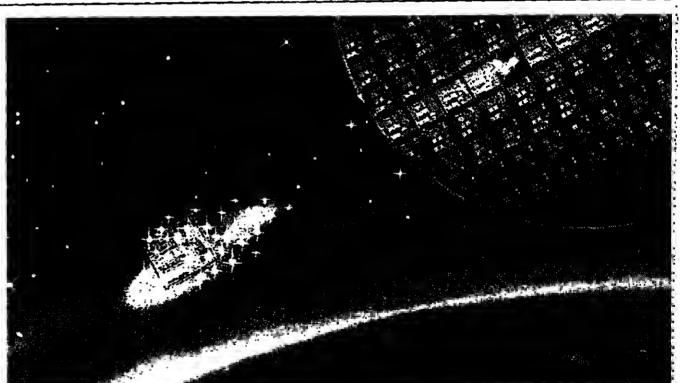
In fact the low power consumption, fast access speed and high packing density of this minuscule silicon chip make it the most advanced submicron device of its type in the world. Submicron technology is fundamental to a new generation of superchips that

will outperform all present semiconductors, and make it possible to pack the power of, say, a desktop computer into a few integrated circuits. These 'little bits of silicon' are destined to play a profound role in modern

society. Extremely inexpensive and highly intelligent, they can provide electronicbased machinery and equipment with unprecedented ability and flexibility. In turn, this will result in a vast range of new and innovative low-cost products

designed to improve the standards by which we live and work. Ultimately, therefore, the major beneficiary will be the end-user... and that means all of us.

Which says quite a lot about such a little bit.



# Philips has a lot to say about a little bit.



Little bits of silicon are also used in the Philips Smart Card- although the processing power required is. of course, much less than that of the superchip.

The Smart Card contains a microchip within its plastic cover to provide both security and intelligence. In fact, the Smart Card is a tiny personal computer which can be programmed for a variety of cardholder services.

For example, as a personalized passkey, it can provide privileged access to Value a residence, a business complex, a computer system or an electronic network.

As a storage medium for the cardholder's medical history it can even become a lifesaver.

In France, where Philips helped to pioneer the Smart Card, the national banking association has adopted it for electronic financial transactions.

The 1-Mbit chip and the Smart Card are only two examples of Philips' extensive R&D programme on which the company spends over U.S.\$2 billion each year, translating high technology into tangible user benefits. Philips. The sure sign of expertise worldwide.



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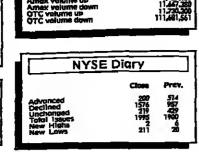
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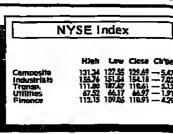
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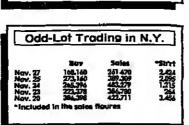
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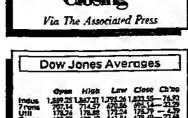


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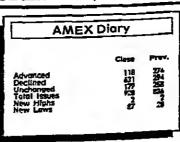


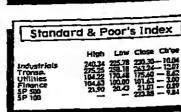






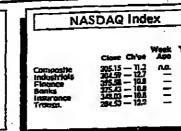
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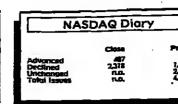


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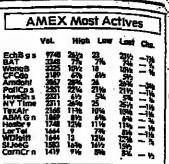
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AMEX Stock Index Low 237.36 247.37 -4.58

twide prices up to the closing on Wall Street and do not reflect late trades else

# MARKET: Shares Slide as Dollar Hits Lows

down 37 points to 1322.60, a drop of 2.7 per-

percent below Friday's close.

Analysts in New York said that the NYSE index of 20 transport stocks registered a warning about the U.S. economy. The index fell more than 51 points to 677, for a 7 percent Percent below Friday's close.

Analysts in New York said that the NYSE index of 20 transport stocks registered a warning about the U.S. economy. The index fell more than 51 points to 677, for a 7 percent decline, a greater percentage fall than the other stock indices.

"The larger indices are diluted by noncyclical stocks," said Byron Wein, portfolio strategist at Morgan Stanley and Co. "But the transport index can be viewed as a pure cyclical group."

Cyclical stocks move in conjunction with economic cycles.

"At this point," said Robert Sinche, chief economist for Simms Capital Management, "in-

nomic cycles.

"At this point," said Robert Sinche, chief economist for Simms Capital Management, "investors perceive that there is more chance of a recession than they had previously believed."

He said the view had again emerged that the Federal Reserve will have to defend the dollar by tightening monetary policy, which would by tightening monetary policy, which would by tightening monetary policy, which would be tightening monetary policy. The said traders were pessimistic about the implementation of the budget cuts, which still be the full Congress.

to fall despite cuts in short-term interest rates lack of leadership," said one dealer at a U.S. by West Germany, France, Belgium and the bank in Frankfurt. "There isn't any support for

"All eyes are fixed on the dollar now," said a

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country

senior Dutch broker. "If it goes further, stocks will crumble. If it remains stable, stocks will fall. Only if it rises substantially will stocks

In Paris, French shares ended lower in moderate trading, with the main Bourse indicator posting a late 2.50 percent decline from Friday's close.

In Zurich, share prices closed lower across the board. The all-share Swiss index was 2.8 around Thanksgiving.

around Thanksgiving

But the size of the fall seemed to catch many

rowth.

Mr. Sinche said that the market grew more essimistic last week when the dollar continued "It's just the same old story, the deficit, the

(Reuters, AP)

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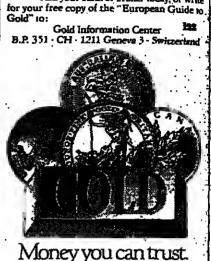
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# New Zealand's New Agenda

# IN THE NEWS

#### April 27: Howe Attacks Non-Nuclear Policy

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Information Letter 12

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Britain and New Zealand clash over Wellington's non-nuclear policy during a nine-day Asian and Pacific tour by Sir Geoffrey Howe, the British foreign secretary. Sir Geoffrey, who made Western concern for security in the Pacific the theme of his tour. said that New Zealand was abdicating its responsibilites by cutting itself off from the Western nuclear shield, a move that could lead to trade retaliation by members of the European Community.

#### June 4: Nuclear Ban **Enacted by Parliament**

Parliament adopts legislation enshrining the Labor government's nearly three-year executive ban on nuclear-powered and nuclear-armed warships and aircraft. The New Zealand Nuclear Free Zone, Disarmament and Arms Control Act formalizes a po-licy that last year brought an end to Welington's 35-year security alliance with Washington. The legislation prohibits the deployment, testing and storage of nuclear devices and waste, and bars port visits by nuclear-powered ships.

#### Aug. 15: Labor Wins A Second Term

Prime Minister David Lange's Labor Party wins another three-year term in national elections with a 15-seat margin, the same overall majority it held in the last Parliament. Mr. Lange's party pledged to continue its program of economic liberalization and not to return to a military relationship with the United States.

#### Aug. 19: Lange Yields Foreign Ministry Post In a move that surprised many observers,



Prime Minister Lange gives up his post as foreign minister and akes over the education portfolio, Russell Marshall, a former Methodist dergyman ouce dubbed "the red reverand" by the previsus administration of Robert Muidoon, is named foreign minister minister, a post cre-

# Marshall

#### 40ct. 20: Government Sells Stake in Steel Industry

The government agrees to sell its 89 percent stake in New Zealand Steel Ltd. to Equiticorp Holdings Ltd. for 327 million New Zealand dollars (\$213 million). Equiticorp's chairman said the agreement required his company to make a full bid, at 44 cents, for all NZS shares within a week. The privatization more follows several others. The privatization move follows several others announced in the past year, including the government's plans to sell its 25 percent share of Air New Zealand.

### IN THIS REPORT

#### Maori Revival

The resurrection of a 19th-century treaty with the British has given the Maori cultural renaissance a political dimension.

# Foreign Affairs

Although the Rainbow Warrior episode has cooled down, relations with France are still troubled over Pacific issues.



The Greenpeace affair has ended, but friction with France continues.

### Economic Outlook 13

The government has deregulated and depro-tected, but inflation remains a threat to eco-

# EC Watershed

Next year is likely to be crucial in New Zealand's trade ites with the Common Market.

Remaking Social Policy

# The Welfare State 'Is Up for Grabs'

By Colin James

been deep and fast in New Zealand in the late 1980s, but there is bigger change in come, as the government maps plans to remake social policy. The focus in recent years has been on the economy, as, first, Sic Robert Muldoon, who led the National Party to victory in 1975, tried to apply classic Keynesian intervention measures in keep the economy affoat with heavy horrowing and subsidies. Then came Roser

borrowing and subsidies. Then came Roger Douglas, finance minister in the current Labor government, who advocated deregulation, deprotection, privatization of state-owned en-terprises and radical tax reform.

On the strength of Mr. Douglas's argument that the process was only halfway through, the Labor government of Prime Minister David Lange was elected for a second term on Aug.

The re-election path was smoothed by divi-sions within the opposition National Party, as Mr. Douglas stole its free enterprise platform. The Labor Party was also aided by 18 months of rising real disposable income, which lasted until a few months before the election.

The economic downturn began in early 1987, long before the world stock market collapse of Oct. 19. But the speculative enthusiasm let loose by "Rogernomics" roated on. When the crash came - it reached New Zealand on Oct. 20 - it was severe. There was a drop of 37 percent over three and a half weeks on the Barclays index of 40 leading stocks, by which time the market was 46 percent below its Sept. 18 peak. The end of the finance and property surge had come very suddenly. Investment companies, the stars of the speculative boom, began to get into trou-ble. By Nov. 16, one had had to be rescued and another was having serious problems with

inx changes (company tax rate cuts but clos-ing of loopholes), more tariff reductions, oc-cupatinnal delicensing and income mainte-nance changes, which include social security and unemployment benefits as well as family

But these changes are likely to pale beside the ambitious program now before the cabinet's Social Equity Committee, headed by Deputy Prime Minister Geoffrey Palmer.

He has declared that "everything is up far grabs" and wants to establish a set of "overarching principles" on which to base so-

cial policy. At nne level, this takes the committee back in issues of moral philosophy. It is questioning beliefs ling held by the labor Party that the state ought to be the principal funder and provider of social services—health, education, housing and welfare - and that services ought to be available to all as a right, without a means test.

The initial stimulus for the review has been

budgetary. Past borrowing has imposed a heavy debt-servicing burden, a quarter of gov-ernment spending.

Mr. Douglas has been searching for ways not only in eliminate the budget deficit, now down to about 2 percent of gross domestic product from 9 percent in 1983-1984, but to begin repaying debt.

This underpinned his drive for efficiency in that trading enterprises and their conversion.

state trading enterprises and their conversion to corporations, and then his campaign to sell off part, then all, of some of those and other state corporations and companies - among them the Bank of New Zealand, Petrocorp

and the Development Finance Corp.

He has also argued for greater efficiency in the delivery of social services, Instigating a series of administrative reviews of them. The most controversial has been the health services, chaired by Alan Gibbs, an entrepre-

funding.

At the, same time, inflationary pressures eased, allowing the government flexibility in its economic management. Mr. Douglas is now planning an economic package of more

Leaks from the Gibbs committee have hinted at recommendations of contracting out considerable chunks of the hospital services and even turning hospitals into corporations. That way, it is estimated, savings of up to 30

percent could be made in hospital services. The debate is over whether the government should continue to be both principal funder of social services (now by and large accepted by the cabinet committee) and the principal provider of the services.

In addition, in housing and some educational benefits, the government has begun to target the needy, thus moving away from the principle of universality, which has marked much of the social services philosophy since the introduction of social security in 1939.

In some cases, Mr. Douglas has introduced charges for services that were free. The most controversial has been a charge of one New Zeuland dullar for prescriptions of otherwise free medicine

All of this has angered Labor Party activists and unionists, who argue for state-provided, universal, free systems. They fear that marketoriented economics will be extended to social policy.

However, the budget question is only part

of the social policy review. Efficiency com-petes with effectiveness as a catchword; Mr. Palmer's job is to marry the twn. He thinks he will need at least two three-year terms to make the main changes.

Mr. Palmer has recently said that the com-

mittee had clarified its view that the state would remain a "central ingredient of the welfare state," indicating a wider role than Mr. Douglas would like. Along with the shift on social policy, there are changes under way in the relationship

between the two main races; the predominant

Europeans and the Maon, who make up 12 percent of the population.

A 147-year-old treaty between the British Crown and Maori chiefs, considered of no legal force for most of the intervening period,

is gaining increasing recognition both by the courts and in legislation.

The treaty is based on a principle of partnership, and some Maori interpret this as putting the two races on equal footing constitutionally, with equal access to power and

on economic results.

of transformation

in New Zealand hinges

The process

The government has gone some way toward this by agreeing to give the Maori authorities a measure of control over government spending that directly concerns the Maori people. The process of transformation in New Zea-

land hinges on economie success nr failure. Economic policy changes have imposed severe social strains, dividing town from country and stretching income bands. Unemployment is climbing. If the stock market crash leads to a world recession or depression, it may send New Zealanders into retreat from But one thing is clear; The government is so

far committed to change - and it shows no sign of giving up.

COLIN JAMES, a journalist based in Wellington, is a regular contributor to The National

Relations With U.S.

# **Nuclear Stand Keeps** Former Allies Apart

By John M. Goshko

TASHINGTON - Fifteen months after the United States months after the United States withdrew its security umbrella from New Zealand, relations between Washington and its former Pacific ally remain strained by continuing failure to resolve the dispute over New Zealand's refusal to accept port calls by nuclear-armed or nuclear-powered U.S. warships.

"We part as friends, but we part company as far as the alliance is concerned," Secretary of State George P. Shuitz told Prime Minister David Lange of New Zealand. He made the remarks after they had failed at a June 1986 meeting in Manila to resolve differences over the meaning of the 1951 Australia-New Zealand-United States security treaty known as ANZUS.

Two months later, the United States for-

Two months later, the United States for-mally ended the defense ties that date back to the South Pacific campaigns of World War II.

War II.

Last September, after Mr. Lange's Labor Party won a second three-year term, the new foreign minister, Russell Marshall, said that there was a possibility of resuming limited military cooperation. But that idea was quickly knocked down by U.S. officials, who noted that the situation actually had worsened as the result of the Lange government codifying its policy last summer in legislation banning nuclear weapons from New Zealand. lew Zealand.

Testifying before Congress in September, J. Stapleton Roy, deputy assistant secretary of state for East Asian and Pacific affairs, said the administration supports legislation that would withdraw from New Zealand certain preferential treatment normally accorded to close American allies.

Such action, Mr. Roy said, "would dem-onstrate to the government of New Zealand that Congress fully shares the administration's concern over the damage that New Zealand's policies have done to Western security interests."

In short, the Reagan administration remains outspoken about its annoyance and disappointment over New Zealand's posi-tion. But it also has made clear that it regards the breach in the relationship as a separation rather than a divorce and bopes for a reconciliation. Nevertheless, U.S. officials stress, if the impasse is to be broken, it is New Zealand that will have to give

At issue is the strong anti-nuclear position that helped propel Mr. Lange's party to power in 1984. Its promise to keep nuclear weapons out of the country immediately clashed with the long-standing U.S. policy of refusing either to confirm or deny whether the country of the c er any American warships calling at foreign ports are armed with nuclear weapons or

powered by nuclear reactors.

To U.S. officials, that policy goes far beyond the individual tie with New Zealand to involve fundamental questions of worldwide American naval strategy.

U.S. officials fear the ripple effects of

The dispute has not spilled over into the trade area.

acceding to New Zealand's argument that it has a right to inquire about the nuclear status of visiting U.S. vessels and deny them port-call privileges if they refuse to answer. In the U.S. view, to meet New Zealand's demand would set a precedent that could affect adversely the more extensive American naval traffic into Japan and Australia and embodden anti-mulcan groups in Enand embolden anti-nuclear groups in En-rope to demand that their governments no longer accept Washington's refusal to con-

firm or deny.
Initially, Mr. Shultz felt that he had assurminally, Mr. Shultz tell that he had assur-ances from Mr. Lange that the situation would be resolved amicably. Instead, to Washington's growing irritation, it dragged on for two years, barring U.S. ships from making any calls in New Zealand and fore-ing cancellation of the joint navel exercises that are the backbone of ANZUS activities. New Zealand contributes roughly a half-dozen frigates to ANZUS operations.

ARIOUS compromises proposed by the Lange government were re-jected by Washington as even worse than the original New Zealand position, and the Reagan administration's tough stance received strong bipartisan backing in Congress.

As Representative Stephen J. Solarz,

Democrat of New York, the chairman of the louse subcommittee on Asian and Pacific Affairs, noted: "You can't drive to an island nation like New Zealand, and if you can't get there by ship, you can't cooperate very easily in its defense."

In the end, the United States concluded that it could not carry out its obligations to New Zealand under the conditions set by the Lange government and that it would stop cooperating with New Zealand under the ANZUS treaty "pending adequate corrective measures."

But the administration also was careful to note that the treaty, while no longer a three-way affair, still exists and can be quickly reactivated in its original form. As then-Defense Secretary Caspar W. Weinberger summed up, "If New Zealand changes its policy, they'll be back in."

The unshot was to create a situation in the The upshot was to create a situation in the South Pacific where the United States continues a close naval partnership with Aus-

Continued on page 12

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# Old Treaty Gives Maori Cultural Renaissance a Political Dimension

The Maori lost much of their land through wars, confiscations and legislation.

> By Vernon Rice and Colin James

FILLINGTON — The major issue for New Zealand in the late 1980s is turning out to be race relations and sticking to a treaty made 147 years ago but which until recently has largely

Under the Treaty of Waitangi, concluded in 1840 between the British and chiefs of the indigenous race, the Maori, sovereignty was ceded to the British Crown in return for a guarantee to the chiefs and tribes of New Zealand of "the full, exclusive and undisturbed possession of their lands and estates, forests, fisheries and other properties . . . so long as it is

However, until just a few years ago, few New Zealanders would have thought that the treaty could become a key to redefining the balance of power between the Maori and the country's

predominantly white population.

Until recently, the treaty had been pronounced to have no force of law. However, a series of court decisions and legislative changes have begun to incorporate it into law and to give the Maori legal means of redressing long-

standing grievances.

The Maori are demanding that the majority pakeha, as they call Europeans, honor the prin-

ciple of parmership between the two peoples

that the treaty expressed.

Last April, an action initiated by the Maori
Council stopped the government from selling
hundreds of thousands of hectares of Crown land to the newly created state-owned corpora-

tions, which were set up in place of former government trading departments.

The Court of Appeal accepted the Maori argument that there should be no transfer without adequate safeguards against possible selling by the corporations of land that might be the subject of dispute before the Waitangi Tribunal. Vast areas of land are potential sub-jects of such dispute. In the legislation that set up the new corporations, Parliament inserted a clause prohibiting any act inconsistent with the principles of the treaty.

The Waitangi Tribunal is a quasi-judicial

advisory body to the government. It was established in 1975 to look into disputes, particularly over land, stemming from the treaty. Its jurisdiction was originally limited to 1975, but in 1985 it was extended back to 1840, the date

of the treaty's signing.

The Appeal Court decision compelled the government to reach agreement with the Maori Council — another advisory body set up in the 1960s - on the land issue before the transfer

can take place. Agreement is expected soon.

The decision has been hailed nationally as a turning point in the recognition of the treaty, particularly in its application to land and the natural environment Spurred by this, Maori tribes have won a

High Court injunction against implementation of a quota system for fishing close to shore. They argued that the Waitangi Tribunal should determine Maori fishing rights under the treaty before the government acted "unilat-

erally" to issue fishing quotas.

Another court action, initiated by the Maori and still undecided, aims to overturn the award of a third television license by the Broadcasting Tribunal to a pakeha group. The legal argument is based on the treaty's partnership principle and a Waitangi Tribunal recommendation last year that the government should make a much greater effort to promote the Maori

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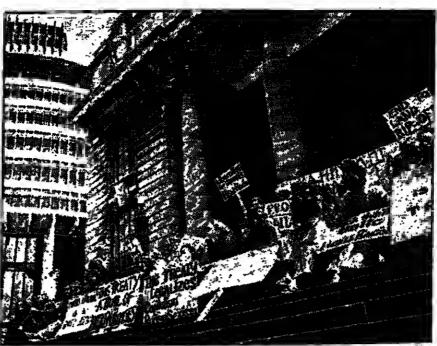
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Maori protesters and sympathizers during a demonstration in Wellington.

language. (A Maori Language Act has been passed, declaring Maori an official language but not on equal status with English.) These and other moves signal potentially major changes in the country's political and economic life.

Under legislation dating back to a "temporary" arrangement in 1867, after a series of land wars precipitated by the English settlers, four seats in the 97-seat Parliament are reserved to Maori MPs elected by Maoris who choose to register on a separate electoral roll.

But, while Maoris do not want these seats abolished until there is other secure representation, there is widespread dissatisfaction with

the arrangement. Many Maori say the seats provide only a token political voice. The four seats have been held by members of

the Labor Party since 1942, and critics say the current four MPs toe their government's line at the expense of Maori interests. Some want the number of seats increased to 12 percent of the seats in Parliament, the same percentage of Maori in the population as a whole. (But against this it has been argued that, since Maori families tend to have more children than pakeha, Maori adults are not 12 percent of the voting population. In any case, many Maori have chosen to register on the

Deeper than simple representation in Parliament are growing calls among the Maori for equal representation between the two races in government in line with what they say is the

treaty's principle of equal partnership.

The Maori argue that pakeha institutions have failed to deliver culturally appropriate services to them and that the pakeha should give up resources and responsibility to Maori

These demands in some cases extend to a call for an equal voice at the level of a supreme authority. Less extreme, but still to most pakeha a radical and threatening step, are the calls for the Maori to control a share of the economic and government resources equal to their percentage of the population.

These demands follow a strengthening cultural renaissance in language, arts and crafts and, particularly in the 1970s, in land claims. An example is the burgeoning Maori-language kohanga reo kindergarten movement. These schools were set up by Maoris with little state funding, but they are now supported by the

They also follow the failure of half a century of special welfare and social spending pro-grams — essentially an assimilationist ap-proach — to improve the Maoris' economic and social status.

At the center of the Maori issue is land. Since 1840, Maori tribal estates have declined from almost 27 million hectares (66.5 million acres) to about 1.3 million hectares. This has both reduced their economic base and under-

mined cultural confidence. In the period after the signing of the treaty when there were few European settlers, part-nership seemed to be a reality. Maori produc-ers and traders played a vital part in the colo-

But once the Europeans became the majority in 1860, the Maori lost much of their land through wars, confiscations and legislation, and the British political, economic and social structure was imposed on the country. Most pakeha have little understanding of Maori cul-ture and, at least until recently, have expected the Maori to be absorbed into European cui-

The Maori essentially became a political.

social and economic underclass.

Maori comprise one-fifth of all unemployed m New Zealand and make up more than half of the prison population; most Maori leave school without formal qualifications; Maori incomes are markedly lower than those of non-Maori. And there is increasing anxiety about the growth of Maori gangs, whose often violent behavior has excited fears and a racist backlash

among the pakeha.

This has been exacerbated by nationalist statements by some radical Maori, who have advocated Maori control of the country. Some, with support from nonradical Maori, supported the military coup in Fiji because it aimed to make the rights of indigenous Fijians para-

Mostly, the pakeha anxiety shows in social separation and some discrimination in housing. A more extreme example was a claim in Parliament by Ross Meurant, a new MP and a former policeman, that 13 Maori whom he paged these platting terrorists activity to evernamed were plotting terrorist activity to over-throw the government. Mr. Meurant has so far not produced evidence to support his claim.

However, there have been changes both in the law and in administration. Mana Enterprises, a state-funded concessionary "bank" for small commercial projects, is administered through Maori authorities. So are so-called Access training plans for unemployed.

The government is also committed to handing over most of the activities and resources of

the Maori Affairs Department to Maori au-thorities. And it has trebled funding of assis-tance to Maori over the past three years.

Still, many Maori say the changes are taking place too slowly. But there is also a quiet belief that time is on their side. The relatively high Maori birthrate means that within 30 years the Maori proportion of the population will probably be about 20 percent.

VERNON RICE reports on Maori affairs for

# For the French, a Bogeyman in the Pacific

By Julian Nundy

when the French considered New Zealanders dangerous only when they arrived in groups of 15 to play

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However, in the 1980s, New Zealand has gained the reputation of being something of a bogeyn, an obstacle to France's interests in the South Pacific. While this is a role that it shares

with Australia and a number of smaller states in the South Pacific Forum, the consequences of the sinking of the Rainbow Warrior, a ship belonging to the ecologist group Greenpeace, in Auckland harbor on July 10, 1985, by French agents drew attention in France to a faraway country of which it had

previously known little. The Rainbow Warrior affair soured relations and brought often vitriolic exchanges between the

Zealand tried and imprisoned two French agents for their part in the sinking. One person, a Green-peace photographer, was killed in one of the two explosions that

sank the ship. French officials, adopting an often indignant stance, frequently attacked New Zealand during this period, adopting "the classic trick of blaming the victim," in the words of one diplomat who monitors French policy in the Pacific.

But New Zealand now consid-

ers the episode closed and nothing more than "a strange aberration," diplomats in Paris say.

Although New Zealand allowed the agents to leave prison and complete their sentences on a French Pacific island, and ob-tained a formal apology and \$7 million of compensation from Par-is, there are still two main areas of serious discord between the two countries.

These are opposition to French nuclear tests at Mururoa Atoll and differences over France's handling of the aspirations of the Kanak, or native Melanesian, population in New Caledonia.

On the tests, diplomats said that New Zealand's position was, in fact, "a consensus position, not a lonely line," laid down by the na-tions of the 13-nation South Pacif-

giving its North African colonies after the United States and Brit-ain, which had been conducting

atmospheric nuclear tests in the Pacific in the 1950s that had already aroused concern in the region, stopped testing there. New Zealanders in Paris, who

now conducts only underground tests at Mururoa. Diplomatic sources said that re-

was "getting at something essen-tial to them."

element in that policy. Britain, the only other country with a nuclear force that does not

Diplomats in Paris said that the problem of Pacific testing would perhaps be resolved in the context

states of supporting Kanak soparatists, opening the way to Libyan and Soviet influence in the region. Pacific states reply that it is France by insensitive handling of the Kanaks, that is creating the breach through which subversion

At times, France's accusations

In January 1986, as he was campaigning for legislative elections which were to make him prime minister, Jacques Chirac accused New Zealand of "encouraging for-New Zealand of "encouraging for-eign groups hostile to France's presence in the Pacific, even aid-ing terrorists in New Caledonia." Four mouths before, Charles Pasqua, one of Mr. Chirac's close associates in the Gaullist Rally for the Republic, said in a debate in the French Senate that New Zealand had supplied arms to "sabo-teurs" in New Caledonia.

Prime Minister David Lange replied that Mr. Pasqua's words were "a Indicrous and preposterous suggestion by a rather desper-ate seeker after publicity in an

Pacific to be a nuclear-free zone. France moved its testing there in the 1960s from the Sahara after The arrival of French tests came

described their embassy in France as "a persuading post" said the Wellington government had diffi-culty convincing France that calls for an end to all testing in the Pacific were motivated purely by fears for the environment. France

action to the South Pacific Forum's opposition to its present-French considered that the forum

taining an independent nuclear deterrent is widely supported at home, regards the existence of its own testing site as an important

have sufficient territory to do its testing at home, uses the U.S. site

of an eventual comprehensive test ban treaty.
On New Caledonia, France has accused New Zealand and other

have been grave.

opposition party in France." Mr. Pasqua is now France's interior minister. In September of last year, Bernard Pons, the Gaullist minister for overseas territories, said: "When Australia and New Zea-land are advocating independence for New Caledonia, they are advocating independence for a territory that would be under Libyan During the campaign for a ref-erendum in New Caledonia last

September, accusations against other Pacific countries, particularly Australia, saw a resurgence in Paris. Mr. Chirac at one point lashed out at "the shocking hypoc-risy of the Anglo-Saxons."



France, whose policy of main- The Greenpeace ship after its sinking in Auckland harbor in July 1985.

The Rainbow Warrior

and New Caledonia.

episode is closed, but discord remains over nuclear tests



David Lange

Wellington's desire was not to see France leave New Caledonia but to handle the Kanaks with more asitivity and avert an explosion.

Quoting Mr. Lange as saying that "only France can replace France in New Caledonia," they said that the feeling in Wellington was that the territory needed pos-itive leadership, dialogue and training to help people take charge of themselves."

Zealand sources in Paris said that

France, they said, was currently creating "a legacy of nondialogue" that ignored the Kanaks' aspirations while it could be working toward "some form of self-government or independence in which the good relationship with France can be maintained."

"The frustration of the Kanaks will reach a point where the terri-tory is in dead trouble and this will open the way to mischievous outsiders," the sources added. Despite the acrimony that these issues provoke, officials from both

Acknowledging "a certain out-okenness" on both sides, New countries say they are able to maintain a good dialogue.

Trade between the two cour tries continues in New Zealand's favor. Figures for 1985, before some short-lived official and informal trade boycotts over the Rainbow Warrior registered their effect, were 634.6 million francs (\$111 million at today's rates) worth of French exports com-pared with New Zealand exports,

mostly agricultural produce, of 1.35 billion francs. Both figures dropped slightly in 1986.
On the political level, New Zeadland officials say they have good access to their furnish exposes. access to their French counter-

"We're in constant discussion over areas of common interest and of disagreement," one said. "Both of us take steps to see what we can do about the differences and that's the characteristic of relations of one friendly country to another."

JULIAN NUNDY is on the staff of the International Herald Tribune.

# **Nuclear Stand Keeps Former Allies Apart**

Continued from page 11

tralia, and Australia, in turn, maintains similar cooperation with New Zealand. That has made Australian Prime Minister Robert Hawke, a close ally of both governments, into what an Australian diplomat called "a sort of marriage counselor trying to nudge Washington and Wellington to-ward a reconciliation."

So far, though, neither Mr. Hawke nor anyone else has found a formula for bringing ANZUS back to the point where American ships call regularly at New Zealand ports, vessels of the three countries participate in joint exer-cises and New Zealand receives a

fear in New Zealand that the severing of security cooperation would spill into other areas and cause the United States to use trade and economic sanctions to put pressure on Mr. Lange. New Zealand's sales to the United States of wool, lamb, beef and casein make the United States -

along with Japan and Australia one of its three biggest customers. However, those fears appear to have been unfounded. The administration's position has been that, while New Zealand, for the moment at least, is no longer entitled to various special considerations reserved for allies, it remains a friend whose values are firmly

regular flow of highly sensitive rooted in the West and whose trade and economic interests par-limitally, there was considerable allel those of the United States. That attitude seems to be recip-

rocated by Mr. Lange, who originally greeted the severing of secu-rity ties with charges that Washington was trying to bend New Zealand to its will with "bullying tactics."

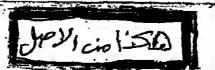
More recently, although he has remained inflexible on the nuclear

issue, Mr. Lange's government has muted its criticism of the United States considerably, taking the same sort of "more in sorrow than anger" approach to the dispute that one hears in Washington. "We are not New Zealand's en-

emy, and we are not trying to punish them," said one U.S. offi-cial, who declined to be identified. "But we don't want to gloss over our feeling that New Zealand's position in ANZUS has harmed our interests and those of the West Although we regret it very much, until that problem is resolved, the relationship cannot have the closeness and intimacy that existed be-

Or, as Mr. Shultz summed up Washington's view, "We have great affection for the people of New Zealand. But we also remind them that those who value freedom have to be prepared to defend

JOHN M. GOSHKO reports on diplomatic issues for The Washing-



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# Policy Seems at Odds With Fundamentals In Economic Outlook

The economy is heavily debt-laden. And the government is no exception.

By Colin James

TELLINGTON - There are two ways of looking at the New Zealand economy: according to the policy the government is pursuing or according to the fundamentals. Each yields widely different judgments.

madely different judgments.

Generally, pronouncements on the government's policy direction are positive, but the numbers tell a different, mostly negative story.

Economic policy up to 1984 was heavily interventionist, using government regulation and overseas borrowing to sustain production and expects and living standards. That reached and exports and living standards. That reached its apogee with a freeze in mid-1982 on wages, prices and rents, followed by direct controls on interest rates at the end of 1983.

The Labor government of David Lange, which took over in mid-1984, changed direction sharply, freeing markets, deregulating, deprotecting and desubsidizing—to widespread

But views have been divided over the government's macroeconomic stance, which has failed to close the budget deficit (although it now runs at only about 2 percent of gross domestic product, down from 9 percent in the 1983-1984 fiscal year) and left interest rates high. This has attracted foreign money and kept the exchange rate relatively high, which, in turn, has contributed to the balance of payments deficit.

The problem has been inflation, which has persisted at a double-digit level, even discounting the impact of a 10 percent tax on goods and services imposed on Oct. 1, 1986.

To reduce inflation, the government has maintained a fairly tight monetary policy, constricting the supply side. Booms in the share and property markets, coupled with the continuing budget deficit, kept demand relatively high, thus forcing interest rates up. For most of 1987, rates for benchmark 90-day commercial bills have been in the range of 18 percent to 21 percent. Five-year government bonds moved

between 16 percent and 17 percent, with peaks in both considerably above that.

Rates like that have proved irresistible to short-term foreign investors, who have bid up the New Zealand dollar. It began 1987 at 65 New Zealand cents (around 50 U.S. cents) on the trade-weighted index and climbed to 76

cents on Oct. Because of the high inflation rate, this meant a helty upvaluation in real terms and damage in the exporting and import-substituting sec-tor. Nevertheless, the balance of payments has until recently been improving.

But it has been largely for the wrong, or

formitous, reasons. For one, the price of agri-cultural commodities, which still make up about half of exports, has improved, turning

the terms of trade upward.

Secondly, there has been a reduction in oil imports as a gas-to-gasoline conversion plant has gone inin operation to supply about half the country's motive fuels. Thirdly, since the beginning of 1987, real disposable income has been contracting, constraining demand for im-

And even with those gains, the deficit is running about 1.8 billion New Zealand dollars on a yearly basis. This adds automatically to overall foreign debt. lo June, the Statistics Department put total foreign debt at 34.2 bil-lion New Zealand dollars, about 66 percent of

gross domestic product.

But that figure includes only borrowings for terms below one year. Total foreign debt, including short-term debt, much of which is folled over and is, in effect, longer-term, has been variously estimated by private-sector economists at up to 45 billion dollars. The economy is thus beavily debt-laden.

And the government is no exception. Servicing official debt takes one-quarter of the budget, severely reducing the scope for spending cuts to bring the budget into balance. Finance Minister Roger Douglas has opted

for selling shares in government enterprises and in some cases selling the enterprises off. This worked reasonably well with the floating of shares in the Bank of New Zealand (equal to 30 percent of a reconstructed and expanded capital base) and very well in the float of 30 percent of the state petroleum exploration and processing company, Petrocorp.

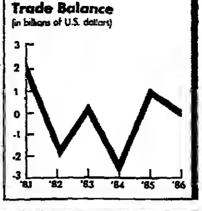
Then came the stock market crash.

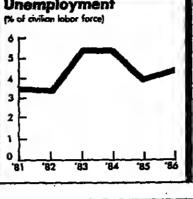
The collapse was worse in New Zealand than in most markets, partly because of a high proportion of investment companies whose poions deteriorated drastically with the crash. Accordingly, the psychological impact was also severe. One fallout is expected to be the end of a commercial building boom, which has been an important sustaining factor in the

economy. Thus, the contraction that was already under way in the economy (retail spending was down

#### **Economic Profile**









percent in the five months to July, unadjusted for inflation) is now expected to worsen. Although few reliable forecasts are yet available, a contraction in real gross domestic product of tween I percent and 2 percent is not unlike-

Previously, most forecasts were for a flat economy in 1988, leading to an upswing in the Particularly worrying is the prospect of a

downturn in the terms of trade if agricultural prices fall again. Farming was severely hit by the Douglas deregulation and desubsidization real net farm incomes fell nearly two-thirds between 1983-1984 and 1985-1986, capital spending on farms dropped one-third and land prices fell by more than half, climinating many farmers' equity. The situation on the farms had begun in stabilize as farmers adopted more businesslike practices, and those with low debt did very well in 1986-1987,

With the prospect of gradually falling interest rates, it began to look as if the worst was over for farmers and that forced sales might be contained to below 5 percent.
Falling prices would reverse that and put

more farmers at risk. In addition, global recession would damage manufactured exports, al-ready badly hit by the "high" New Zealand

Although manufacturers have greatly im-proved labor productivity and management echniques to stay profitable in harder conditions, many have given up the fight and shifted to imports or invested offshore. Manufactur-

ing iovestment, particularly for export, dropped 9 percent in nominal terms between the Juoe quarters of 1985 and 1987.

But there are some positive spinoffs from the stock market crash, Inflationary forecasts have contracted, as reported by the Reserve Bank, and demand for money has declined, both by corporations and by consumers.

Single-digit inflation was already in prospect for calendar 1987 after a 1.6 percent rise in the September quarter. It is now thought likely that that can be sustained, even with a decline Lower inflationary expectations and lower

demand are already bringing interest rates down — the 90-day rate fell below 18 percent on Nov. 17 and the five-year bond rate below 16 percent on Nov. 12. That should reduce demand for the dollar,

which should decline to a level more sustainable for exporters and import-substitution in-dustries. Mr. Douglas said in an interview on Nov. 3 that there was already evidence that the pressure was coming off the tradables sector and switching to the con-tradables, which economists have said is desirable.

The outlook, therefore, is mixed. On the negative side, there is high debt, inflation and interest rates still too high and a fragile export sector. On the positive side, the economy has already become leaner and more competitive through Mr. Douglas's restructuring moves and it may weather the coming starms far better than it would have been able to three

# Big Business Braces For Market Exposure

By Selwyn Parker

UCKLAND - In the new economic environment engineered by the La-bor government, big business is facing a major dilemma - after extracting historic profits from a protected market, it is now battling to find its future in an exposed one.

The plight of New Zealand Forest Products, ranked second among the country's manufacturing companies, illustrates the problem. The wood-processing concern is now embroiled in major internal upheavals as it enters a more competitive market.

As Warren Hunt, recently retired managing director of New Zealand Forest Products, points out, the old cost-plus mentality does not work any more. "It was too easy to accept mereased costs from various quarters, includ-ing union pressures, and pass these costs on," he said. "NZFP was not immune from the effects of this environment."

The same observation could be made about many of New Zealand's manufacturers, but it is probably more true about NZFP than any

A good example of cost-plus is the company's manufacturing base in the North Island town of Kinleith. Very much an NZFP entity, surrounded by its own fast-growing pinus radi-ata pine forests, Kinleith flourished in a soft

manufacturing climate.
As Laurie McDowall, operations director, says: "Like many other industrial activities, the operations at Kinleith evolved in a climate of high tariffs, import licensing, taxation

breaks and export tax incentives. Those fat paychecks at Kinleith are now threatened by layoffs, low wage raises and reduced margins in the teeth of competing

NZFP is also pushing through productivity and labor efficiency agreements. All inefficient operations are being closed down, with the number of paper machines being reduced. The plant is being modernized — the \$120 million first stage is far advanced. Cost-cutting measures, such as the substitu-

tion of contractors for direct labor in the forests, are already in place, thus reducing capital tied up in heavy equipment like logging trucks. Instead of a beadquarters-driven organization, NZFP has become a decentralized one,

with six separately accountable divisions—forests, pulp and paper, lumber, panel products, building supplies and technology—and a slashed head office team. At Kinleith alone, Mr. McDowall is confident that over the next four years output will rise by 40 percent, manning levels will drop by

45 percent and profitability will double. Now, in a general observation about the results of protection of the manufacturing industry, Mr. McDowall says: "Problems begin when inefficient producers are protected or

inefficient exporters are subsidized." NZFP is not entirely typical of New Zealand manufacturing, because of its size. But the

same painful analysis is going on throughout the spectrum of New Zealand's manufactur-

ing; only the degree of upheaval is different. The revolution started two years ago. Now, manufacturing industry in general is further down the restructuring track than NZFP. Several trends have emerged in previously protect-

Many companies, notably Feltex International, carpet makers, took a hard look at their base business and did not like what they saw. Now, Feltex makes more money on non-carpet

Others have shaken off an attitude of insularity and tried to forge durable offsbore marketing strategies. Fisher and Paykel, leading white goods manufacturers, in 1987 nearly trebled its profit in 27.7 million New Zealand dollars (\$16.62 million) on turnover of 414 million dollars, partly helped by going for brand-based instead of price-based sales in overseas markets.

In October, after expensive and largely un-successful years of trying to develop of shore sales through its own resources, New Zealand's biggest food producer, Wattie Industries, joined the Australasian Goodman Fielder condomerate. It is a measure of the comprehensiveness of this sea change in New Zealand manufacturing that Wattie, a household name that started out as a husband and wife jammaking company, will oow disappear from the main board of listed companies.

The battle is to establish offshore brands

and reduce dependence on New Zealand's small and mature market of just 3.2 million small and mature market of just 3.2 minor people. Brewer Lion Corp. has expanded sales dramatically through its Mac's Liquor chain in Australia — a 1986 acquisition — and has engaged a Canadian distributor, Martlet and Co., in handle its Steinlager brand throughout the United States. The rival New Zealand Breweries is pumping cash and personnel into its competing brand, Kiwi Lager, which was only launched internationally this year.

There is growing anxiety, however, about export income from manufacturing.

As the Reserve Bank states in its latest quarterly bulletin: "While there were earlier indications that manufacturers were prepared to maintain trade with established markets despite less (avorable prices, a lengthy period of strength for the New Zealand dollar against the Australian dollar, the phasing out of export incentives and lower demand in the key Australian market resulted in a significant decline in manufactured exports."

In fact, manufactured export volumes fell 8 percent in the first three quarters of 1986-1987.

And according to the National Bank's monthly Business Outlook for November, times remain uncertain.

But there is a lot of evidence that New Zealand's manufacturers are making the right moves. It is just that macroeconomic influences are conspiring against them,

SELWYN PARKER is a financial journalist based in Auckland.

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By Hugh Stringleman

looking to multinational trade negotia-tors in Geneva for a pay raise of \$800

The minister of overseas trade and

marketiog, Michael Moore, has raised

these expectations by saying that this is the cost to New Zealand's 50,000 full-

time farmers of world agricultural trade

vitally concerned about the outcome of the next round of the General Agree-

ment on Tariffs and Trade (GATT)

talks, which include agriculture for the

first time as a major topic.

New Zealand farmers hope GATT

negotiators in Geneva will agree to

wide-ranging reforms of world agricul-

tural trade protectionism along the lines being suggested by the United

States, or by the so-called Cairns Group of 14 nations, including New

Zealand, which met in Cairns, Austra-

lia, last year to organize for the forth-

coming GATT round.
The 14 proposed a three-phase re-

• Revised and strengtheoed rules to

Systematic reduction of agricultur-

form of world agricultural trade:

govern such trade.

As a result, New Zealand farmers are

million annually.

subsidies and tariffs.

UCKLAND - Beset by high

interest rates and low prod-uct prices, New Zealand's

sheep and dairy farmers are

change rate during much of the last two years. From a low of 42 U.S. cents to

the dollar after the float, the New Zea-

land currency rose in value to reach 64 cents in early October. It then phinged

five cents when world stock markets

crashed on Oct. 19, but has edged slow-

This high value of the dollar has

mystified farmers and exporters, who have been conditioned over the years to

expect easy returns by regular currency

inflatioo that have really burt all New Zealand producers during 1987. After

two decades of double-digit inflation,

interest rates climbed to more than 20 percent, helped by a tight money policy to try to control the national debt and

force down inflation. This economic

prescription, referred to as "Rogerno-

mics." after Finance Minister Roger

Douglas, has worked oo inflation,

which is oow below 10 percent annually and is expected to bottom out at 5

percent. But high interest rates contin-

ue to put off borrowers, many of whom

very slowly and farmers, in particular,

are oot borrowing for fertilizer, machinery or land development

New Zealand is heading into a recession caused by reduced investment

spending and climbing unemployment

mics is working on inflation and may be

While many concede that Rogerno-

Interest rates are only coming down

are refraining from seeking loans.

But it is the high interest rates and

ly upward again.

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Sheep grazing at Garston, in the South Island.

drastic economic downturn.

working on reducing interest rates, the question remains as to whether the cure will work quickly ecough to prevent a mitted to its harsh policies, and it was question remains as to whether the cure recently re-elected to three more years commodity prices.

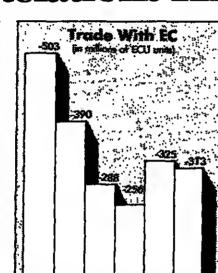
# astic economic downturn. That is why everyone in the primary But the government is firmly comexporting sector must look to Geneva HUGH STRINGLEMAN is editor of The Farmer, a New Zealand newspaper. EC Trade Relations Hinge on Wider Dairy Exports, Fewer Subsidies

By Giles Merritt RUSSELS - One way or the other, 1988 is going to turn out to be a watershed in New Zealand's relationship with the European Community. At issue is both the question of New Zealand's dairy exports to the EC, meaning chiefly Britain, and the much wider problem of whether the EC will reduce the level of farm export subsidies that are driving New Zealand

produce out of world markets, By coincidence, two important trade issues must be settled within the coming 12 months that will decide whether Wellingtoo continues to look to Brussels to sustain a crucial part of its export oeeds or whether it definitively turns away to new markets nearer home. Next year, the New Zealanders have to rene-

ports deal with the EC. At the same time, they must look seriously at the idea of helping to forge what might amount one day to a Pacific area common market. For 1988 is the year that the Australia-New Zealand Closer Economic Relations (CER) treaty comes up for review, and there is strong pressure for using a renewed five-year CER pact as the basis for a much wider Pacific basin trade pact involving the ASEAN nations

gotiate their long-standing special dairy ex-



Farmers Look to GATT to Lift Profits

subsidies and cut back access barriers

and other nontariff measures that are distorting the world market.

meat, New Zealand stands to gain con-

siderably from the elimination of European Community and U.S. subsidies.

which force overproduction and dump-

ing of food into East bloc and Third

World countries at low prices. New Zealand still receives about 60

percent of its overseas earnings from

agriculture, and its economic history of

the last 20 years has been about trying

to maintain a high standard of living on

commodity trading without a substan-tial manufacturing base.

late farmers from declining commodity

prices and to minimize the effects of

dwindling returns on the economy by introducing farm subsidies, borrowing

overseas and devaluing the New Zea-

land dollar.
But in 1984, the Labor government

called a halt to that macroeconomic

world of international market prices.

Dairy and grain prices to farmers dropped considerably.

The small cropping industry was hit

hard when wheat prices dropped by one-third. Winter wheat sowings this

year were cut down as farmers turned

to spring barley and peas or tried to buy

policy and thrust farmers into the real

Various governments tried to insu-

As one of the most efficient producers in the world of dairy products and

New Zealand will oow obtain most

of its wheat from Australia, but more

than 2,000 farmers in the South Island are among the worst-affected financial-

ly and many are faced with selling out.

ter and farmers responded by trying to

increase production of milk. They held on to their single-desk marketing sys-tem, using the Dairy Board, and oow

international dairy product prices are starting to improve again as the EC addresses its massive overproduction.

New Zealand overproduced sheep-meats during much of the early 1980s

but a sharp reduction in lamb prices to

farmers reduced slaughterings by 25

percent annually, and supply and demand is oow back in balance.

Meat companies are trying to move away from hulk-disposal, low-price

markets like Iran into further-pro-

cessed, higher-value, consumer-ready

cuts. Returns to farmers are expected to

rise slowly from a very low base last

year when, oo average, only 15 percent of the overseas wholesale price was re-

ceived back oo the New Zealand farm.

Besides cutting down on farm subsi-dies, the New Zealand government in 1984 floated the dollar, and the effects

oo exporters ever since have been con-

The economic and foreign policies of

Prime Minister David Lange's Labor government attracted overseas inves-

tors, who bought New Zealand dollars

and securities and forced up the ex-

Dairy returns dropped by one-quar-

'83

(Thailand, Singapore, Indonesia, Malaysia Brunei and the Philippines).

New Zealand's minister of trade and indus-

try, David Caygill, has talked tentatively of

widening the Canberra-Wellington CER treaty

of 1983. But what that might mean in practical terms is still far from clear. It appears, though, that New Zealand may have in mind a special round of tariff and quota cots that would draw in not only the ASEAN countries but also

perhaps trading partners as far away as Latin America. With the European Community in the throes of a serious budgetary crisis, and therefore contemplating major structural changes to the Common Agricultural Policy (CAP), New Zealand can be under few illusions about its chances of sustaining even the present reduced

level of dairy exports to the EC. The air has cleared since the row that broke out between France and New Zealand over the sinking of the Greenpeace vessel, the Rainbow Warrior, and the imprisonment of the two French undercover agents who were found responsible. Last year, Prime Minister David Lange un-

Zealand has been anxious that political tensions should not mar its chances of retaining as much of its dairy sales to the EC as it can. Wellington has fought a fairly successful rearguard action in defense of those exports ever since Britain joined the EC in 1973. New Zealand's European dairy market is to a very

large extent the British market, and for the past

dertook a European tour to ensure that good relations would be restored with Paris. New

15 years there has been heavy pressure from Britain's EC partners to restrict New Zealand's

The result has been a sharp acceleration in the way that New Zealand has had to turn away from its traditional British market and find alternative outlets. Fifty years ago, at the outbreak of World War II, four-fifths of New Zealand's farm exports went to Britain. Today, that figure, which by 1960 had already shrunk

to about 50 percent, has dwindled to a mere 15 Britain, therefore, accounts for about the same proportion of New Zealand's farm exports as do each of Wellingtoo's main trading ertners, namely Australia, Japan and the United States. Bot with New Zealand's dairy farmers now severely feeling the pinch from stagnant markets and falling world prices, the New Zealanders are anxious to safeguard

whatever European sales they can. The economic conditions that New Zealand's 15,000 dairy farmers have to contend with are severe. Some of the country's largescale, super-efficient farmers, who on average milk about 150 cows a day on their one-man farms, are now earning less than New Zealand's official minimum wage. With many farmers burdened by beavy debt repayments.

this year has already seen a rash of bankrupt-

farmers often operate no more than 15 cows but are buttressed by the guaranteed prices and export subsidies of the European Community's CAP, And New Zealand is uneasily aware that among the first victims of the CAP reforms now under discussion are likely to be New

Zealand's dairy exports to Europe. In mid-1984, the EC signed a five-year agreement with New Zealand that set new, and reducing, limits on the amounts of New Zealand butter that would be accepted into the EC. For 1984, the level was 83,000 tons, dropping to 76,500 tons this year and 74,500 tons in 1988.

HESE levels are very roughly about half the amount of butter that New Zealand was permitted to sell during the transition period that followed Britain's accession to the EC. However, there are now fears that they will be considerably greater than the new limits that the EC Council

of Ministers is to set next year and which will come into force on Jan. 1, 1989. For New Zealand, meanwhile, persuading the EC to reform its farm subsidies has become as important as negotiating a satisfactory new agreement governing sales of New Zealand

By contrast, comparable European dairy Zealand Dairy Board argues that world prices. for dairy products could double without dopressing consumption if the EC were to ston. holding down prices by selling large quantities of cheap subsidized produce onto world mar-

> Such arguments have so far fallen on deaf ears in Brussels and the European capitals. To a large extent, the matter of farm export subst dies is out of the hands of the New Zealanders

The issue of agricultural subsidization by both the EC and the United States is one that many other countries are deeply concerned. over, and it is a major element in the current Uruguay round of GATT multilateral trade

Whether the General Agreement on Tanific = and Trade round will succeed in reining back tries that are depressing agriculture in many of the poorest developing countries is a question that goes far beyond the EC-New Zealand relationship. It is, however, one that is a con-tinuous source of friction and that is pushing. New Zealand to look to its Pacific basin part

ners for new and more positive trade links.

GILES MERRITT is a journalist based in butter to the European Community. The New

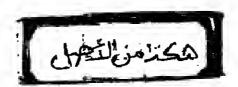
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# Herald Eribune. BUSINESS/FINANCE



# INTERNATIONAL STOCK MARKETS

# India Hopes Mutual Funds Will Tempt Wary Villagers

By DEV VARAM

OMBAY - The State Bank of India on Monday isunched one of four domestic mutual funds planned by government-owned institutions over the next six months to revitalize slumping stock markets. Banks and investment houses are aiming to tap about 5 billion rupees (5383 million) for investment in shares, bankers and brokers say.

The floating of mutual funds is part of an effort by the government of Prime Minister Rajiv Gandhi to attract more

small investors. "Our emphasis is on tapping investors in villages and small towns who are not exposed to stock markets," said Fund managers will

buy back the

certificates at or

asset value falls,

above par even if net

D.N. Ghosh, chairman of the State Bank of India, whose subsidiary, SB1 Capital Markets Ltd., launched the billion rupee fund Monday. The four new issues will all

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be fixed-income closed-end funds. The funds' managers will buy back the certificates at or above par even if their net asset value goes down.

The SBI mutual fund offers two million certificates priced at 500 rupees each. The certificates have a maturity of five and a half years and bear interest of 12 percent, higher than the 11 percent maximum payable on bank deposits.

"The SBI fund will not only provide a major choice to investors," Mr. Ghosh said, "but also make a positive impact on stock markets, which are at present depressed."

markets, which are at present depressed."

The second venture is a I billion rupee fund by Canara Bank. The two other funds, totaling 3 billion rupees, will be offered by Life Insurance Corp. and General Insurance Corp. Merchant bankers said that investments from the funds are expected to flow into the markets from January onward, beginning with the SBI fund, which closes Dec. 29.

The SBI mutual fund is the second to be floated on the domestic capital market. The first, a 1.5 billion rupee fund, was set up in October 1986 by state-owned Unit Trust of India.

ERCHANT bankers said that two open-ended offshore funds are also expected early next year. Birla Bombay Private Ltd., a local firm, is collaborating with S.G. Warburg & Co. of London in setting up funds to tap investments from foreigners and nonresident Indians. Indian institutions and companies have floated three offshore

funds in the last three years. The higgest, totaling £75 million (\$136 million) was launched in London by UT in collaboration with Merrill Lynch & Co. Unlike the new funds, the UTI funds are quoted on the Bombay and London stock exchanges and their certificates are redeemable at net asset value.

After an 18-month boom in which they attracted new investors from middle- and low-income groups, Indian stock markets have been depressed since June 1986. The slump results in part from a severe drought and from allegations that Mr. Gandhi's government was involved in kickbacks.

The index of the Bombay Stock Exchange, India's biggest, which rose from 280 in January 1985 to 660 points in June 1986, had fallen to 415 by June of this year. The index closed at 427.92

But brokers said that Indian markets, which function under strict controls, had not been significantly affected by the world stock crisis. "The adverse economic and political factors have had a depressing effect on the stock markets," said Mahendr Kampani, president of the Bombay exchange. He asserted that "the new entrants who have suffered losses and withdrawn from the markets can now come back to take advantage of mutual funds."

Mr. Kampani contends that many investors, especially those with small savings, will be attracted to me protection from risk and assured returns.

**Currency Rates** 

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**Interest Rates** 

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# Surplus Shrinks In Japan

Interim Figure Is Nearly Halved

TOKYO — Japan's trade str-plus shrank by nearly 50 percent in the first 20 days of November from a year earlier, a sign that international coordination of economic policy is finally starting to work, economists said

The Finance Ministry said Monday that the interim trade surplus narrowed to \$2.09 billion from \$3.90 billion a year earlier. The figure compared with a surplus of \$3.75 billion in the first 20 days of

October.
"Japan's trade surplus is collapsing, not from declines in exports but from exceptional rapid expan-sion of imports," said David Gerstenhaber, an economist with Mor-

gan Stanley International. "That is exactly what the U.S. has been demanding," be said.
The ministry does not break

down the interim figures by country. Details of U.S. trade with Japan for November will be available with the data for the whole month, due in mid-December. Nor did the ministry clarify the

source of the import surge. A surge in oil imports, for example, might merely reflect a trend in prices. Although the strong yen did not inbibit Japanese exports from growing by 16.4 percent to \$12.16 billion, imports grew by a substan-ual 53.7 percent to \$10.07 billion in the 20 days, the ministry said.

The pace of imports shows Japan is firing up its domestic demand in line with an agreement by the major industrialized nations, one Japanese bank economist said. Shoichi Morino, an economist

for Nippon Credit Bank, said that the purpose of allowing the yen to appreciate against the dollar was to help funnel Japanese energy from exports to domestic demand. The strong yen "may not be

trimming exports, but is activating Japanese demand for foreign goods," he added. But Mr. Morino cautioned that

December's figures may not be as impressive as November's interim data because Japanese exports usually increase at the end of the year.

Mr. Gerstenhaber predicted that the trend in imports would continue. "We have not yet seen a peak-ing out in import growth," he said.

### Bonn Studies their own Plan to Boost While their numbers have declined by half a million since 1975—teen-agers now make up 10 percent of the U.S. population, down certes and other household items. While their numbers have declined by half a million since 1975—teen-agers now make up 10 percent of the U.S. population, down certes and other household items. A major reason for this change, Investment

BONN -- The West German government, under pressure from abroad to stimulate its economy, said Monday it was readying a plan that could be presented to the cabi-net as early as this week. Economics Minister Martin

Bangemann said he would meet Finance Minister Gerhard Stoltenherg on Tuesday to discuss ways to lift 1988 growth "to 2 percent or more." A government council of economic advisers last week predicted growth of 1.5 percent.

Government sources had said over the weekend that the two men planned a 15 billion Deutsche marks (\$9.14 billion) program to

On Monday, Franz Josef Strauss, who heads the Bavarian Christian Social Union, part of the governing coalition, said the government would boost investment

by offering cheap loans.

Speaking in Munich, he said the government probably would an-nounce "a fairly large program of investments through subsidized loans" from the state-controlled Kreditanstalt für Wiederaufbau.

Mr. Bangemann said that any proposals that he and Mr. Stoltenberg supported would be presented to the cabinet this week.

The measures would be present-

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U.S. Money Market Funds

**Gold** 

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CJ/B

Merriii Lynch Ready Astell Meday average yield:

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Source: Marrill Lynch, Telerate.

ed to the Group of Seven leading industrial democracies, if that group meets to discuss global eco-nomic problems. Washington has called on Bonn to stimulate its economy so that West Germans will buy more foreign goods and ease their country's trade surplus.

West German economists were unenthusiastic Monday about reports of the investment program.

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# In U.S., Nice Profits but Slim Returns

# **Net Paybacks Cannot Fund** Expansion

By Louis Uchitelle New York Times Service NEW YORK — After 15

years of decline, the profitability of U.S. business, measured as a return on investments, is rising again, and the future health of the economy is riding on whether the turnaround can be sustained. But many economists argue that the improvement is not yet

enough to cause the stock market to rally or for corporate management to engage in another major round of factory modernization. "The average company does not earn enough to comfortably finance new investment," said

John Gorman, a Commerce De-

partment economist.

Most corporations give a dif-ferent impression of their earn-ings. Over the past five years. announcements of sharply higher net incomes have been common. And it is not income that is ballyhooed on Wall Street and highlighted in annual reports.

But net income, the dollar profit left over after a company pays salaries, bills, taxes and other current expenses, is not an adequate measure of corporate strength, in the view of most economists. A far better measure is return on assets, which are a company's factories, machinery and other holdings. By this standard, U.S. business lost ground steadily from the mid-1960s until just recently.

Weyerhacuser Co. illustrates the point. This highly profitable wood and paper products company reported a net income of \$276,7 million last year, a 38 per-cent improvement over 1985.

Changes in Corporate Responsibility There has been an almost steady decline until the last few years in the rate of return earned by non-financial business-es on the value of all their plans, machinery and equip-ment. Valued at current replacement cost. fears highlighted are years of recession

"55"60 "62 "64 "66 "68 "70 "72 "74 "75 "78 "80 "82 "84 "86 Source Bureau of Economic Analysis

That profit, however, represenied only a 5.8 percent return on the billions of dollars the company had spent to build or purchase its network of paper mills and sawmills, high-technology machinery, forests and many other assets.

At this rate of return, Weyer-

'We don't build a \$400 million mill at today's profit margins.

Weyerhaeuser Co. hacuser could have earned more

Lowell Moholt,

money if it had sold off all those holdings and invested the proceeds in Treasury notes or bonds, which paid above 7 percent last year.

In the mid-1960s, by contrast, Weyerhacuser earned a 14 percent or 15 percent return on the

value of its holdings. Treasury securities then yielded less than 2 percent. With so rich 2 return, many companies like Weverhacuser added facilities at a tap-

The thinking is different to-day. Weverhamser, despite its sharp increase in net income, resists putting up new mills, al-though U.S. demand for paper products is so great that the com-

products is so great that the com-pany is operating at full capacity, three shifts a day.

"We just don't build a \$400 million paper milli at today's profit margins," said Lowell Mo-holt, the company's chief of in-vestor relations. "To justify a new mill, we are looking for a return on assets averaging closer to 13 percent over five years." to 13 percent over five years."

When profits are viewed in this light, the business outlook is grim, calling for beli-tightening rather than expansion.
The reason is clear. The Com-

merce Department says that, for corporate America as a whole, the after-tax return on factories. See PROFITS, Page 21

# Yasuda to Buy Up to 25% Stake In PaineWebber

NEW YORK - The investment firm PaineWebber Group Inc. said Monday it had agreed to sell an equity stake of up to 25 percent to Yasuda Munial Life Insurance Co., one of Japan's biggest life insur-ance firms, in a transaction worth more than \$300 million.

The purchase has been under negonation since Aug. 19, but the stock market drop on Oct. 19 dis-rupted the talks. "Black Monday certainly had an effect, and they had to renegotiate the transaction, said a PaincWebber spokesman. Under terms announced Mon-

day. Yasuda agreed to buy about 6.74 million shares of a special se-ries of voting preferred stock for \$300 million and will receive warrans to buy an additional 375,000

PaineWebber shares closed at \$16.50 Monday on the New York Stock Exchange, down \$2.125 from Friday's close.

The partnership with Yasuda dampened takeover speculation that had surrounded the firm, said Frank DeSantis, an analyst with Smith, Barney.

The preferred shares and warrants will give Yasuda about an 18 percent voting interest in PaineWebber, The preferred shares carry the option of being converted into common stock, which would raise Yasuda's stake to a total of 25 percent of the company's outstanding common shares.

A minimum conversion price of \$29 was set. At that price, analysts said, Yasuda would be paying a 25 percent premium over Paineweb-ber's \$23-per-share book value, Betwice a firm's book value. The Painewebber investment

comes at a time when two rival firms, E.F. Hutton Group and L.F. Rothschild Holdings, are looking for partners.

Donald B. Marron, PaineWeb ber's chairman, president and chief executive, said a strategy adopted last year had called for the firm to focus on core businesses with long-range profit potential and to accel-erate its global expansion plans.

"A key element in achieving that goal was the identification of a Japanese investor who could help strengthen our capital position and offer us business opportunities in high-priority foreign markets," Mr. Marron said in a joint statement eleased in New York and Tokyo.

PaineWebber and Yasuda plan to establish a joint venture in London providing asset management and financial advisory services once regulatory approval is re-ceived. The two companies will ex-change workers and arrange for joint business development.

Yasuda is Japan's fifth-largest life insurance company. In the year ended March 31, it had \$42 billion in life insurance sales, \$495 billion of policies in force and \$21 billion

PaineWebber is the 13th-largest U.S. investment firm in terms of capital. Its profit in the first nine months of this year was \$14.81 million, down 30 percent from \$21,14 million in the year-earlier period. Total capital was \$1.15 billion. The Yasuda investment would boost its capital base to \$1,45 billion.

# In a 'Latchkey' Era, U.S. Teens Are Gaining Power of the Purse

changing the nation's consumer castes as well as its family life.

As a result of a convergence of social forces that include rapid growth in two-career families and single-parent bouseholds, the 25.5 coming to play a major role in deciding bow to spend billions of dollars of family money, in addition to lars of family money, in addition to lars of family money, in addition to lars of family money and large the trend-setting power of this fickle population in determining the property of the

While their numbers have defrom 14 percent then — their in-creased affluence gives them more economic clout than their prede-

Already a handful of corpora-more than \$70 billion, a sum great-tions such as Campbell Soup Co. er than the combined gross nationare scrambling to compete for the al products of Portugal, New Zeateen-age dollar in sectors of the land, Panama, Chile and Iceland. marketplace not previously associ-

By Andrew H. Malcolm

New York Times Service

NEW YORK — Quietly, the economic power of America's teenage population is mushrooming changing the nation's consumer.

They would be nation's consumer.

They would be nationed for Campbell, not a shocking statistic to any parment. But the same study showed 42 percent of the same young women ation of teen-agers, calls them "the power children."

They would be nationed for Campbell, not a shocking statistic to any parment. But the same study showed 42 percent of the same young women ation of teen-agers, calls them "the power children."

Discretionary teen-age spending "these kids are buying things not in the United States has been estimated at \$30 billion a year. Execu- sie hot teen item. They are buying it mining what's hot and what's not.

Not widely noted has been the according to Teenage Research Unlimited of Lake Forest, Illinois.

Estimated spending by American teen-agers thus could total more than \$70 billion, a sum great-

A recent Tecnage Research study of 16- and 17-year-old girls wife mother.

This has created a study of 16- and 17-year-old girls wife mother.

This has created a study of 16- and 17-year-old girls wife mother. "It's a brand new phenomenon," found that in a three-month period said Mara Rastovsky, a marketing 55 percent had purchased cookies, with more money to spend on fewer

"They're out there spending big bucks and few people have noticed," she said. "Teens are a real growth part of the food market."

That tells us," said Grady Hauser, the firm's vice president,

Dad's money they spend on behalf A major reason for this change, experts say, is the increase in the

number of working women in the past two decades. Today, Mr. Hauser said, 7 of every 10 mothers of teen-agers work ontside the time. Barely a quarter of all teens now live in the traditional house-hold of working father and house-

children (and often a microwave them helping plan the shopping list oven for family members to pre- and nearly half making brand decipare their own meals quickly).

pick up groceries after school.

Get 2 pounds of hamburger, a loaf of bread, soda, soup and a box of Tide. That leaves an awful lot of dry detergent.

Ms. Rastovsky's study found that 63 percent of all teen-age girls and 39 percent of teen-age boys now do some family grocery shop-ping, with nearly two-thirds of

sions. Ninety percent of teen-age It has created a generation of girls belp prepare meals.

"latchkey children," who spend at These developments create new

least half an afternoon at home challenges for companies accusalone until their parent or parents tomed to selling to adult women. return from work. To save time and possibly keep the youngster busy, sales by appealing to a notoriously many parents ask their teen-ager to fickle teen-age market, they must seek to build long-term brand loy-"Typically," said Mr. Hauser, alty at a much earlier age.

are more brand-conscious than boys, though both shy from gener-ic-label products. These youngdecision-making power in the sters have really fragile self-identi-bands of one teen." Tide is a launbuy what's acceptable to peers and

> school," Ms. Rastovsky added, "and flips on the TV and all the See TEENS, Page 21.

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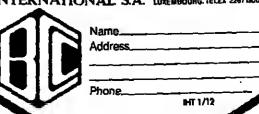
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International Herald Tribune Centennial Scholarship, to be awarded to an outstanding candidate already admitted to the INSEAD MBA Program. The inauguration of this scholarship empha-sizes the International Herald Tribune's continuing

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petition is open to persons who have shown particular interest in the field of communications (publishing media, advertising, public relations). Can-

educational background and demonstrate through pre-vious experience their managerial abilities. They must prove their quantitative and verbal reasoning abilities by taking the Graduate Management Admission Test. Because the program is bilingual, candidates must be fluent in English and have a good working knowledge

The Scholarship is for the academic year beginning September, 1988 or January, 1989.

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Have you taken the GMAT before? ∐Yes ∐No If yes, please state the scores: If no, please register now for the January 23 test. University Degree: \_\_\_\_\_\_\_Year awarded: \_\_\_\_\_ Standard of French: \_\_ Fluent \_ Rusty Working knowledge Subject: . \_\_ Fluent Standard of English: Current job title: \_\_ 1-12-87 Working knowledge \_ Rusty Company

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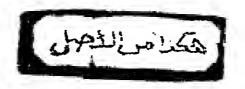
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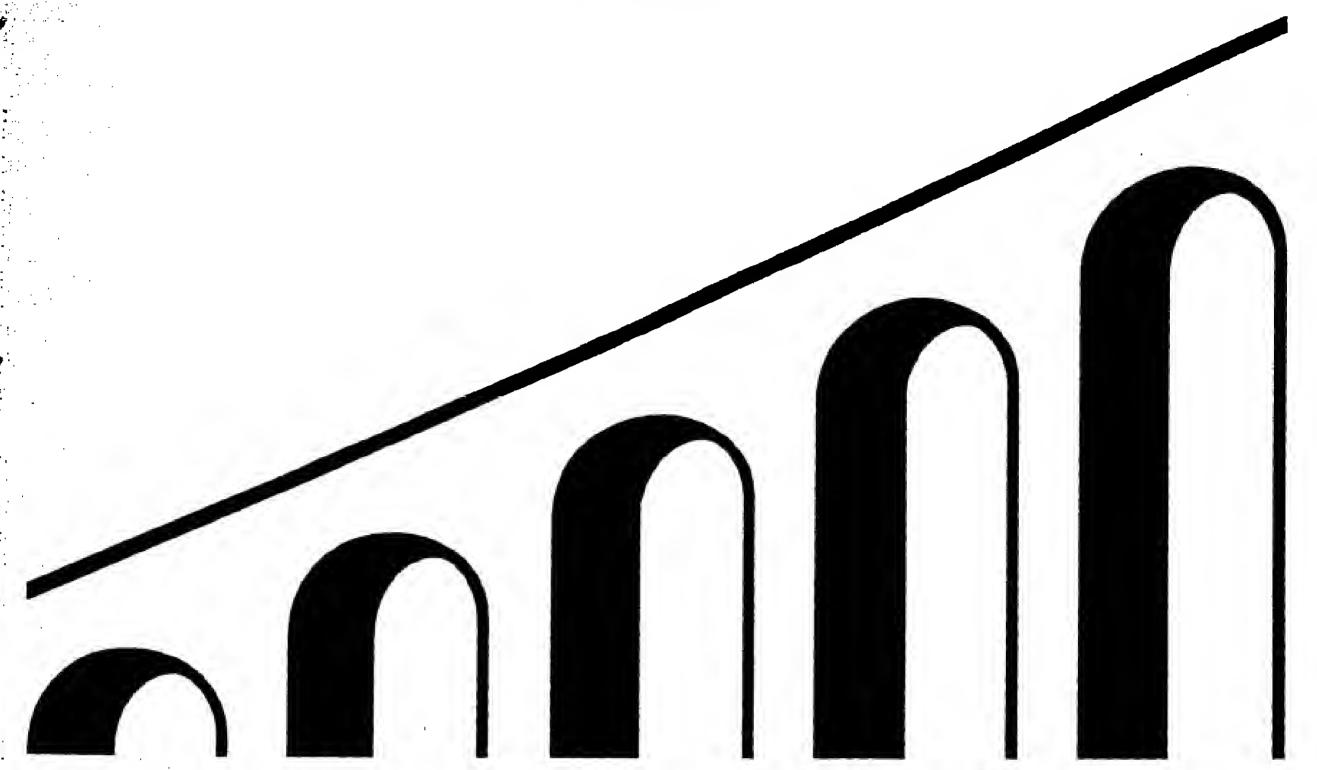
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An effective **System Architecture** should be an open bridge to future growth.

Olivetti takes a straightforward, functional approach to information management. It's a modular plan called Open System Architecture. With a minimum of constraints, Olivetti is able to combine modules in new - and unlimited - ways that assure your system of a smooth bridge, open to other possibilities and open to the future.

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This applies to all parts of the system. As a result, you won't ever be cut off from whatever business apportunities.

sult, you won't ever be cut off from whatever business opportunities

these advances bring. Olivetti's modular approach protects your investment over the long term. This means as you build your system, none of the additions you make will cause your existing equipment to become obso-

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Among the building blocks in Open System Architecture is a range of minicomputers, systems software, and applications.

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Olivetti is represented in all European, Far Eastern and Western countries. For further information about Olivetti systems please contact the Marketing Department of the Olivetti Head Office in your country.



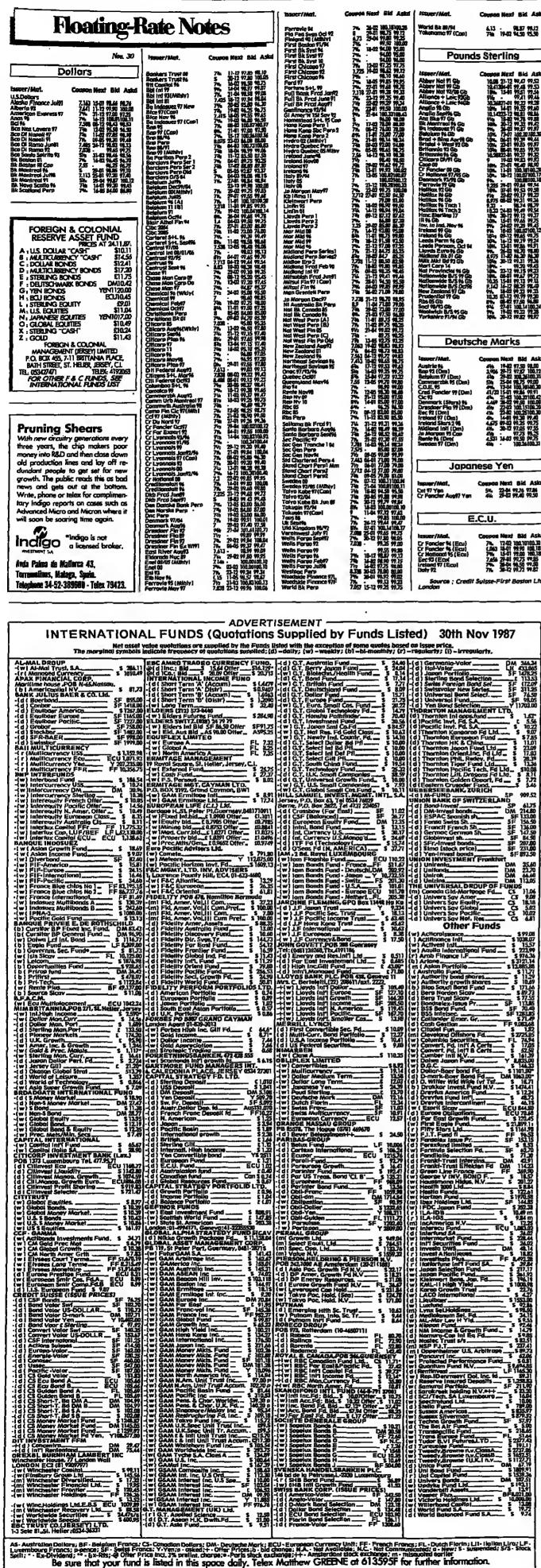
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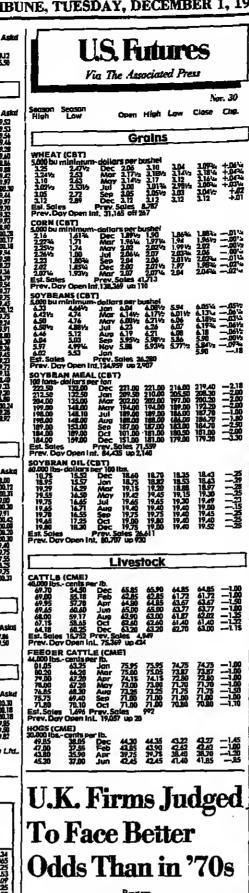
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Reuters

LONDON — Despite the stock market crisis, British companies face better odds of achieving growth in profit than they did during the 1970s recession, leading businessmen say.

London's main barometer of blue-chip stocks, the Financial Times-Stock Exchange index of 100 shares, has lost about 30 percent of its value since world stock markets collapsed on Oct. 19. But the businessmen interviewed over the past week generally said that Britain's underlying economy was in better shape than 10 years ago.

years ago.
"There is a totally different economic configuration here today," said Sir David Plastow, chairman of Vickers PLC, the aerospace and engineering group.

"We are more competitive and able to with-stand fluctuations in currency and market de-mand," he said. Vickers shares have fallen 58 percent on the London Stock Exchange since Oct. 19.

Jonathan Agnew, chairman of the brokerage
Kleinwort Grieveson Securities Ltd., also said
that Britain was in a stronger position now than
10 years ago. He cited a higher rate of economic
growth and a lower inflation rate, which he said

mentally different from the recession of the mid-1970s. "Money is still plentiful, unlike in the 1970s," said Garry Weston, chairman of Associated British Foods PLC.

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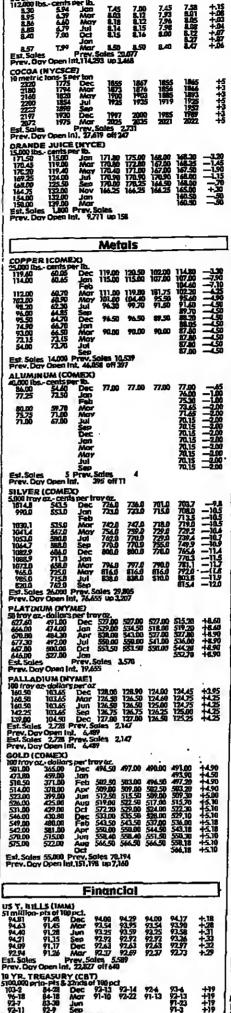
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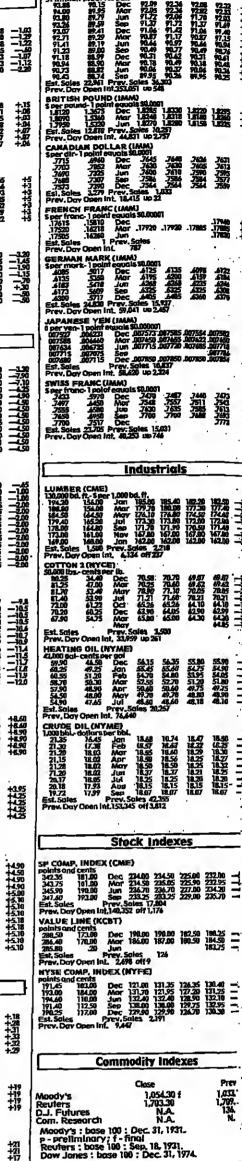
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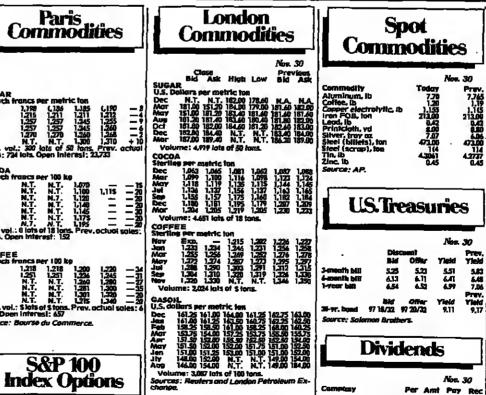
growth and a lower inflation rate, which he said has helped keep business healthy despite the slump in stock prices.

"The prospects for profitability in the corporate sector still look good, unlike in the last market crash," he said. "There are few signs of market crash," he said. "There are few signs of excessive financial credit."

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**London Metals** 

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Losses to Expand To \$200 Million SAO PAULO - Autolatina big automaker that has sued Brazilian government seel eased price controls, said on h day it expected its losses in B to rise to between \$200 million

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\$300 million in 1987. Antolatina, which makes I and Volkswagen vehicles in B and Argentina, had losses of million last year. "We cannot continue to these kind of figures," Autolat president, Wolfgang Sauer, sa

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a news conference.

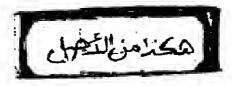
The company defied the goment in early November by his prices by up to 28 percent, in of the authorized 16.7 percent Autolatina wants the goment in th

ment to abide by an agree signed in April between the manufacturers' association an former finance minister, D Funaro. That accord pledge industry to increase exports i change for flexible pricing.

NL Chemicals to Alter Pla Reuters

BRUSSELS - NL Chen SA, a subsidiary of NL Indu Inc., said Monday it would re a titanium whitener factory Ghent at a cost of 2.1 billion gian francs (\$60.69 million). new plant will use a process reduces sulphur dioxide emist

To Our Readers The Philadelphia Curren tions were not available in the



# Spanish Bank Tries Hostile Takeover

MADRID - Banco de Bilbao, a a leading Spanish bank launched a rare-hostile takeoven bid Monday for Banco Español de Crédito, or from certain. But they noted that Banesto, but was confronted with an unexpected conoteroffer.

Banco de Bilbao said it made the hostile bid after the breakdown of days of tense negotiations that fol-talks on a friendly merger of the lowed a surprise offer by Banco de two banks. A merger would have Bilbao to merge with Banesto. created Spain's largest banking

nounced, Petroleos del Mediterraneo, or Petromed, an oil company controlled by Bahesto, said it would act as a "white knight" and make its own offer to buy Banesto.

Petromed's offer involves cash only, whereas Bilbao is offering new shares that cannot be listed on the stock exchange for several

Hostile takeover bids among pressed interest in buying it. Spanish banks are unknown in re-centyears and mark a radical break with traditional cozy relations.

Dopen war has broken out berween two of our main banks, and share, or \$1 billion, from Paul Bil-it looks like we are going to see a zerian, the investor.

fight to the finish," an official with a Spanish bank said.

Bankers and stockbrokers said history of feuding among the fam-the outcome of the struggle was far ilies that have controlled its board. Banco de Bilbao's reputation could

suffer if it failed in its bid. The rival bids were made after 10

# To Be Acquired in '87

MONTVALE, New Jersey Singer Co. said Monday that it wanted to reach a definitive agreement to be acquired by the end of the year. The military contractor said management would enter talks with several parties that had ex-

Singer said it expected represen-tatives of potential buyers to start visiting its facilities this week. Singer has rejected an offer of \$50 per

Banesto is larger than Bilbao, but is seen as weaker because of a

A senior manager at Banco de Bilbao said that Banesto share-holders would be offered one existing Bilbao share and six new shares plus a cash premium of 15,000 pe-setas (\$132) for every 10 Banesto

group.

After the bostile bid was an
Singer Says It Is Seeking ed a counterbid from Banesto.

Banesto issued a statement Monday afternoon calling on its share-holders to reject Bilbao's hostile bid. The statement made no mention of the bid from Petromed.

Share analysts said that Mario Conde, a young businessman who recently acquired a minority stake in Banesto with his business partoer, Juan Abello, appeared to be behind Banesto's counteroffensive.

Several stockbrokers in Madrid

said they ooderstood that Pe-

tromed would be making a cash offer of 5,000 pesetas for every

U.K. Eurotunnel Offering Is Only 80% Subscribed

> By Steve Lohr New York Times Service

LONDON — Despite a multimillion-dollar advertising campaign, British private investors have subscribed for only 80 percent of a share offering by Eurotunnel, the British-French consortium that plans to build a tunnel beneath the English Channel.

A Eurotunnel spokesman said Monday that the final tally of French applications would be made public on Tuesday, but the reception is thought to be not much better than in Britain.

The shortfall does not mean that the 33-mile (53-kilometer) tunnel will be halted. Banks and securities houses agreed to underwrite the £770 million (\$1.39 billion) equity issue two weeks ago.

Yet the lukewarm reception for the shares is an embarras Eurotumnel and a disappointment to underwriters, who had been assured by Eurotumnel and its advisers that private investors were interested in the venture. For example, Dewe Rogerson Ltd., Eurotunnel's advertising and marketing consultant, reported that more than 550,000 people in Britain seemed certain to apply for shares.

However, Eurotunnel said Monday it had received 112,000 applica-tions, for a total of 38.7 million shares. The £353 million offering closed Friday. A similar amount is being sold in France and an international private placement was reportedly fully subscribed. Given tepid public demand for the Eurotumel issue, it appears likely that the shares will fall a bit below the issue price of 350 pence when trading begins on Dec. 10.

# By Buying Out Mannesmann Person Construction, trade and shipping. DUSSELDORF — Robert said it would use profits from the

Bosch Will Own 81% of ANT

Bosch GmbH, the electronics sale to diversify. group, has agreed to buy Mannes-mann AG's 40.8 percent stake in the holding company ANT Beteili-gungs GmbH, Mannesmann said Monday.

The purchase would double Bosch's stake in ANT to \$1.6 per-

cent. Allianz AG, an insurer, owns
the remaining 18.4 percent.

Terms of the sale were not disclosed in August 1984, the eleccased in August 170%, the electronics company AEG AG, then known as AEG-Telefunken, said it would receive 650 million DM (about \$393 million at current rates) for the sale of its stake in a subsidiary, ANT Nachrichtentechnik, whose parent company is ANT

The agreement between Bosch and Mannesmann is conditioned on approval from regulatory au-thorities. Mannesmann, whose in-terests include extraction and processing of raw materials, machinery

Mannesmann posted a profit of 158 million DM in 1986, down 12 percent from 180 million DM in

Bosch, which makes antomotive equipment, communications tech-nology and household appliances,

reported a 7 percent gain in profit to 429.7 million DM in 1986 ou revenue of 21.7 billion DM. That compared with profit of 402.1 billion DM on revenue of 21.1 billion the previous year.

Bosch announced meanwhile in Stuttgart that one of its majority-owned holding companies, Telen-orma Beteiligungs GmbH, had raised its 65.63 percent stake in the

communications and compoter company Telenorma Telefonban & Normalizat Lehner & Co. to 100 Bosch holds about 85 percent of

the Telenorma Beteiligungs bold-ing company and AEG owns 15

#### Japan Issues Telecom Permits To 2 Groups

Agence France-Presse TOKYO - The Posts and Telecommunications Ministry issued licenses Monday to two new groups to operate in Japan's deregulated international telecommunications market

The two are International Telecommunications Japan Inc., a Japanese consortium, and International Digital Communications Planning Inc., which includes Cable & Wire-less PLC of Britain and Pacific Telesis Group of the United

Prime Minister Noboru Takeshita personally approved the licenses in early November after prolonged pressure from the U.S. and British governments to allow free competition.

International Telecom plans to start leased-circuit service in

# In Earnings

PHILADELPHIA - Scott Paper Co. expects to earn between \$5.75 and \$6.30 a share in 1987 and between \$6.75 and \$7.50 a share text year, its chairman, Philip Lip-pincott said Mooday. Scott earned 4.96 a share in 1986...

"If we're oot over \$6" a share this year, "I would be disappointed by our performance," Mr. Lippincott said in an interview. Scott's profit rose to \$4.34 a share in the first nine months of this year from \$356 a share in the year-earlier

Citing analysts' forecasts of 1988 profit of between \$6.75 and \$7.50 a share, Mr. Lippincott said, "There is nothing that I know that would suggest that we oughtn't to be per-forming in that range."

Mr. Lippincott said Scott anticipaied a good fourth quatter, with increases in its prices for coated paper and a debt refinancing in the company's Mexican business.

To Japan, Scott plans within the year to resolve an unsatisfactory ownership situation at Sanyo Scott Co., which Scott jointly owns with Sanyo-Kokusaku Pulp Co. A possible solution might involve a buyout of the Japanese partner, Mr. Lippincott said.

Scott's S.D. Warren Co. coated paper business, which has seen its revenue grow about 15 percent anwally since 1980, should grow by Depercent yearly in 1988 and 1989,

In Western Europe, where Scott is the largest tissue paper producer, yearly revenue growth should total at least 15 percent in coming years, Mr. Lippincott said. Scott, which repently set plans for a \$250 million European expansion, including three new paper machines, sees Europe as its major growth area, he

Last year. European revenue accounted for about \$746 million of Sectr's total revenue of \$3.4 billion. Mr. Lippincott said he thought Scott would reach \$1 billion in yearly revenue in Europe before 1990.

# Scott Paper Promoting the Prune: Growth of a French Industry Expects Gain Shift From 'Medicinal' Marketing Has Raised Output Nearly Fivefold Since '63

By Kurt Ruderman International Herald Tribune
VILLENEUVE-SUR-LOT, France - Most Frenchmen would he hard put to explain why when something doesn't work out, they say they did it pour des prunes, for plums. But not in the Lot Valley, where every schoolchild knows that in 1148 the Crusaders failed to take Damascus and returned empty-handed save for the plums they

introduced to this region. The dried plums, pruneaux, were first shipped from Agen — the prune counterpart to the wine world's Bordeaux — on the river Garonne in the late 17th century. Ever since, this region has been

known as France's prime center.

Production of primes is economreceived to 565 million francs (\$100 million), with French consumption at 480 million francs and exports at 85 million francs.

The industry reached its peak back in 1893, when output reached a record 56,000 metric tons, but crop failures at the outbreak of World War I sliced production back to a mere 1,500 tons. But by 1963, a good crop year

raised prune output substantially, to 7,500 tons. Growers and packers an industry that had remained traditional, with farmers selling their prunes to small dealers. "We realized that the moment

since risen to 36,000 tons in 1986, making France the world's second

has an average annual output of 130,000 tops. of BIP, said of the California growers, "Instead of trying to compete with them on the world market, which would be senseless in light of their much higher output, we work

and planning market strategy."
Mr. Béhague, recounting the industry's long fight for recognition,



Plams are not plucked from the tree; they are picked up off the ground, or off tarpaulins or nets spread under the trees.

paign on radio and television, depicting the prune as a source of producer after California, which cooking uses of the fruit. During the 1970s, the prune was presented Jean-François Le Bot, president as a regional product and a natural

source of energy. In 1963 prune France stood at 8,000 tons. By anticipated the increased market 1974, consumption was over 15,000 and in 1978 founded Favols, a comtons, leveling off at 26,000 by 1983. Mr. Le Bot noted that in addi-

said, "Promoting the prune's culi-nary attributes rather than stress- sumption there by 10 percent." He was right to put the market back on ing its medicinal properties was no said the next big largets were West

to promote prune sales at home vealed a clientele 45 to 65 years old abroad, and to raise quality.

Prune production in France has launched its first advertising camin the industry. Mr. Laparre, a packer, recalls working with his father in 1963, when the family busienergy for athletes and the many ness employed 10 persons and han-cooking uses of the fruit During dled about 800 tons of prunes annually. Today, with a staff of 50, the Laparres process about 8,000

tons annually. Pierre Chabrié, a grower-packer, ucts, such as stuffed glazed prunes

home, "Our advertising campaign, begun three years ago in the Neth-led to my diversification into other entire farm in plums."

fruit products, with jams and jellies, and my penetration of the American market, which currently accounts for a substantial part of our exports," Mr. Chabrie said.

For Louis Armand, a grower, the impetus of the industry's renaissance came in part from French pied noir farmers, who, like himself, settled in the area after the decolo-

nization of North Africa. "In the 1960s, people were leaving the Lot valley for jobs in the cities; the area was full of derelict farms like the 75-hectare (185-acre) one I bought," he said. "The pied poirs, who make up roughly half the major plum growers, were in-fluential in organizing the coopera-tives that transform plums into

Mr. Armand, who grew oranges and aromatic flowers on his 800hectare farm in Morocco, recalled starting from scratch in France,21 years ago. "The climate here is not saited to oranges, so I took a few courses offered by BIP and tried plums," he said. "I was cantious and planted only 3 hectares before

expanding gradually."
Today, Mr. Armand's 13-hectare
plum orchard is one of the largest in the area. Using the latest tech-nology, he is able to produce 10 tons per hectare - more than twice the average 4.5 tons per hectare.

Plums are not picked from the tree; they are picked up off the ground as soon as they fall. Traditionally, at harvest time, tarpaulius its feet," said Edmond Behague, easy task. Our first priority was to Germany and Britain.

In 1986-87, the major importers trees to collect the fruit. Mr. Armonditee, known as BIP, which middle-age consumption and develop new and more varied prune tons; Germany, 1,574 tons; Netherland of Agen prunes were Italy, 1,889 which groups France's mand more varied prune tons; Germany, 1,574 tons; Netherland of Agen prunes were Italy, 1,889 which groups France's mand more varied prune tons; Germany, 1,574 tons; Netherland of Agen prunes were Italy, 1,889 which groups France's mand more varied prune tons; Germany, 1,574 tons; Netherland of Agen prunes were Italy, 1,889 which will be a supplied of Agen prunes were Italy, 1,889 which witaly and Italy and Italy and Italy and Italy and Italy and Italy padded claw of the vibrator gently

akes off the plums. "Pruning the trees in winter still remains the most labor-intensive job," said Luc Discher, a biochemist and Mr. Armand's son-in-law who owns a 26-hectare farm.

Bringing in about 13,000 francs per ton, prunes are by far Mr. Armand's most profitable crop. However, plum orchards occupy only one-quarter of his cultivated land. "You don't want to put all your eggs in one basket," Mr. Armand "During a heavy storm in tion to promotional success at and prunes in armagnac.

June, I lost 30 percent of my plums, home. "Our advertising campaign.

"The success of luxury prunes This is why I would never plant my June, I lost 30 percent of my plums.

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# Pioneer Lifts Stake in Giant **To 19.9%, Is Seeking 44%**

SYDNEY — Pioneer Concrete Services Ltd. said Monday it had bought 18.9 percent of the issued capital of Giant Resources Ltd., a mining and exploration group, from Ariadne Australia Istd. for

(\$116-million). The purchase, which was made sidiary, Ampol Ltd., raised Piopager's stake in Giant to 19.9 per-

Pioneer, based in Sydney, is an international construction supply and natural resources company. It described Giant as a gold and base metals company operating in Australia, Canada, New Zealand and South America.

Ariadne, a diversified investment firm, also conditionally sold another large parcel of Giant shares to Ampol subject to the ap-proval of Giant shareholders. The

#### Cerus Sees \$53 Million In Net Profit for '87

PARIS -- Cerus SA. the French bolding company controlled by the Malian entrepreneur Carlo de Benedetti, expects a consolidated net profit for 1987 of at least 300 French francs (\$53 million), a company spokesman said Monday.

There was no comparative figure for 1986 because the company, which is 40 percent owned by Mr. de Beoedetti's Italian bolding group, was founded only in June 1986. Cerus reported parent com-july oet profit of 54.3 million dancs last year. Its three major holdings are in Valeo SA, a French auto parts maker: Yves Saint Laurent SA, the Paris fashion house; and Pearson PLC, the British pub-

shares and options sold to Ampol and the shares conditionally sold represent Ariadne's entire holding in Giant Resources, Ariadne said in a separate statement.

Ampol acquired 54.7 million Gifrom Ariadne Australia Istd. for ant Resources ordinary shares at 166.84 million Australian dollars \$2.20 each 17.6 million listed opmillion unlisted options at \$1.21 each. Pioneer said. Ampol plans to exercise all the options, raising its stake in Giant to at least 32 per-

The conditional contract is for the purchase of 60.53 million Giant ordinary shares at \$2.20 each for \$133.16 million. If the purchase is approved, Ampol's stake in Giant would rise to at least 44 percent.

Giant's developed operations will contribute immediately to profits, Pioneer said, as will other activities coming on stream in the short term.

Pioneer said the initial purchase was made oo Friday, when Giant shares were trading at 1.60 dollars. They ended 25 cents higher Monday on the Sydney exchange, at 1.85 dollars.

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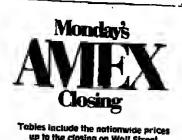
MAKITA ELECTRIC WORKS, LTD.

semi-annual report coded August 20, 1987 of Makita Electric Works, Ltd. will be available in Amsterdam at Algemene Bank Nederland N.V., Amsterdam-Rotierdam Bank N.V., Bank Mees & Hope N.V. Pierson, Heldring & Pierson N.V., Kas-Associatio NV.

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The desk diary that picks up and goes with you

Half your life's story - or even more - is inscribed on the pages of your desk diary. Yet when you travel or go to meetings, most desk diaries are too cumbersome to take along.
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Herald Tribune — constantly alert to the needs of busy executives had this desk diary especially designed for its readers. Bound in luxurious silk-grain black leather, it's perfect on your desk, offering all the noting space of any stan-dard desk diary. Yet pick it up and you'll find it weighs a mere



No voluminous data and statistics are included in this diary, but on the other hand a removable address book saves hours of re-copying

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Diary measures 22 x 15 cm (8.5 x 6 in.), fits easily into the slimmest attache case, and has gilt-metal corners, gold page-odges and elegant French blue paper. Personalized with gilt initials on the cover, it's a marvelous gift for friends, business contacts and associates. (Note that quantity discounts are available.) Please allow 30 days

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# DOLLAR: Reagan Brakes Slide After Record Lows

(Continued from Page 1)

amed the Bank of Japan, saying it had lent momentum to the selling. "The Japanese intervention was halfhearted at best," said a floor trader on Chicago's International Monetary Market. "They just gave

bears the green light." Other traders said that the overall scenario for the dollar was package was providing no support bleak, regardless of what central

Frederick Scala, a vice president of foreign exchange with Manufacturers Hanover Trust Co. in New said, referring to the congressional York, said that three things were and administration negonators, weighing against the dollar. First, Mr. Reagan, however, on Mo the economics are not good," he day called the deficit package "an said. "We're teetering between inflation and recession.

The political picture is also bad. President Reagan's administration has come up with nothing but bad news for the past year. He's seen as a lame-duck going into his final year in office."

"Then," Mr. Scala said, "there is the deficit-reduction package." Mr. Reagan and congressional leaders announced agreement Nov. Mr. Reagan and congressional step."

Readers announced agreement Nov.

20 on a plan to reduce the U.S. disputed that view. "What else is he budget deficit by \$76 billion over going to say? The package was budget deficit by \$76 billion over going to say? The package was don against the pound, which two years. Mr. Scala and other weak to begin with," one dealer for closed at \$1.8255, against \$1.8090

London Dollar Rates 1.6395 1.8255 132,25 1.3444 5.5440

for the dollar.

They went into an emergency session on Nov. 1, and 20 days later they came up with nothing."

Mr. Reagan, however, on Monadequate deal" preserving tax re-ductions that could stimulate the

"As I've said many times, the result of these negotiations is not a perfect deal, far from it," Mr. Reagan told a group of U.S. business leaders at a White House meeting. "But it's an adequate deal, the best we could get and it's a good first

dealers interviewed said that the a major West German bank said.

**Gold Surpasses** Ernst Pullman, a foreign ex-\$500 an Ounce change dealer at Deutsche Girozentrale-Deutsche Kommunalbank in Frankfurt, said: "Central bank intervention is futile. A discount-

rate cut is already factored into the rates. The dollar must go lower. A cut in the discount rate, the lee charged on banks' borrowing from the central bank against securities as collateral, would theoretically make the mark less attractive to investors, who could carn substantially higher interest on dollar-denated investments.

lo New York, the dollar closed at 132.28 yen, down from 133.50 on Friday; at 5.5805 French francs, down from 5.6250; and at 1.3435 Swiss francs, down from 1,3555. The dollar also lost ground against the pound, which closed at \$1.8270,

against \$1.8135 on Friday. Earlier, the dollar closed at a record low in Zurich, falling to 1.3427 Swiss frames, from 1.3615. In London, the dollar closed at 132.25 yen, down from 133.70 on Friday: at 1.3446 Swiss francs, down from 1.3625; and at 5.5660 French francs, down from 5.6306.

The dollar also declined in Lon-

**Before Pullback** 

NEW YORK -The price of gold, mirroring a sharp decline in the dollar, traded here Monday above \$500 an ounce, the highest level in more than four years, before slipping back.

On the New York Commodities Exchange, February gold closed \$4.90 higher at \$497.20 an ounce. It had traded earlier in the day at \$503, the highest level since February 1983, In London, gold closed at \$492.25, also the highest level since 1983, and up \$14 from Friday.

Analysis in New York said the higher closings suggested some movement of investment noney into physical gold.

In London, Keith Smith, managing director of the bul-lioo dealers Mocatta & Golds mid, said, "This fall in the dol lar should have spilled over into gold before. The market should certainly move through \$500 in the very short term."

### PROFITS: U.S. Return on Assets Is Rising, but Cannot Fund Expansion (Continued from first finance page) labor or with the rest of the world said Milton L. Glass, Gillette's vice

machinery and many other hold-iogs fell from an average of 8 per-ready have," said Sam Bowles, an cent in the mid-1960s to about 3.5 percent in the late 1970s and early 1980s.

The rebound, which finally started to 1983, has brought the average back up, but only to 4.2 percent through 1986, according to the department's calculations, which are adjusted to reflect current replacement costs for plants, equipment and other holdings.

When return on assets is calculated for manufacturing companies alone, eliminating the service and mining sectors, the trend is about might become surplus in a recesthe same, although the average re-turn for the 1980s is slightly higher. rations are spending on high-techabout 4.9 percent.

Such paybacks are not considered enough to fuel a stock market rally, in the opinion of some economists. Nor do they demonstrate much of a payoff for all the plant closings, layoffs, wage hold-downs and other cost-cutting measures that have reshaped U.S. industry in recent years, and the huge sums that have been spent on automation and modernization, mostly in

1984 and 1985. Since 1985, most of the improvement in the profit rate has come from the falling dollar, which has shielded U.S. companies from foreign competitors. It has also allowed corporations with foreign operations to bring home earnings n, say, yen or Deutsche marks and convert them into many more dollars of profit than would have been possible two years ago.

"In the short run, the profits recovery is very substantially a dollar said Albert T. Sommers, chief economist at the Conference Board, a business research organi-

But Reaganomics also gets some of the credit, particularly for that part of the rebound made possible by cutbacks in corporate taxes in the early 1980s and by mass layoffs

Now Reaganomics appears to be losing its punch. Corporate taxes ed for political stability as the colony moves have been more than restored as a toward a return to Chinese rule in 1997. higher state and municipal taxes. lo addition, a decline in the unemployment rate and a resumption of competitioo for workers may encourage worker militancy. "It will be difficult for business-

men to strike a better deal with

Die Yid, 100s High Low 4 P.M. Ch'ee

economist at the University of Massachusetts at Amherst. They have gotten all they can out of

Reaganomics. Still, the struggle for a higher profitability rate continues. The hig concern is that the Oct. 19 stock market plunge will be followed, next year or the year after, by a decline in consumer spending. If that happened, production would fall and factories would be idled.

So companies across the country are getting rid of facilities that sion. At the same time, some corponology machinery to improve productivity - but only in those lines of business in which they already are first in market share and thus might be able to keep factories

going, even in a recession. Gillette Co., for example, has two such lines, throwaway razons and pens. In these products, "the profit rate can only be maintained if there is a high volume of produc-tion from existing floor space,"

president of finance.

Mr. Glass said that Gillette had accomplished only about 80 percent of the process of reducing its

work force and selling off companies acquired in the 1960s and 1970s that make such things as luxury lighters, cycglasses and computer supplies.

As they are sold, Gillette is buying state-of-the-art machinery to manufacture pens and razors in ever greater quantities. But floor Facsimile Pact space at the pen and razor factories is oot being increased, although they are running at full capacity.

Gillette's efforts have not shown up on the bottom line yet, although they might this year. The company's return on assets was only 6 cent in 1986, a far cry from the 21 percent return in 1966 and 12 percent in the early 70s.

Others are further along in the process of installing high-volume, automated equipment while at the same time reducing production capacity. Ford Motor Co.'s return on assets rose from 4.9 percent in 1979 to 12.1 percent in the first nine

vid McCammon, Ford's treasurer

and vice president of finance. Ford's profit rate is rising, he said, because the company is opersting its remaining factories at full capacity, after having closed 15

since 1979. The work force has

### been reduced by 30 percent. **Toshiba Signs**

TOKYO -- Toshiba Corp. said Monday it had signed an agree-ment with Telic Alcatel, a subsidiary of Alcatel NV of France, to make and market facsimile equip-

ment in Europe. Telic Alcatel will produce facsimile equipment under license from Toshiba beginning in mid-1988, a Toshiba spokesman said. Toshiba is likely to receive the

French government's permission early next year to sell facsimile machines in France under its own name, a Toshiba spokesman said.

# Hong Kong Won't Rule Out Deposit Fees to Defend Its Dollar

HONG KONG — The Hong Kong government, facing renewed speculation on a change in its currency's peg to the U.S. dollar, will not rule out negative interest rates — government-imposed fees on deposits — to defend the local dollar, a senior monetary official said Monday.

"Negative interest rates can be arranged easily," said Joseph Yam, deputy secretary for monetary affairs. "But we are still far from it."

The Hong Kong dollar, boosted by speculation that it might be revalued against the weak-ening U.S. dollar, remained on the strong side of its peg of 7.80 to the dollar, despite very low interest rates on the interbank market. As the U.S. dollar reached a new postwar low against the yen and the Deutsche mark, the Hong Kong dollar closed higher Monday at 7.7740, against 7.7785 at the finish Friday. Local interbank rates have remained de-

ressed for the past two weeks, with overnight funds occasionally quoted at zero percent, dealers said. Overnight funds stood at 1.5 percent Monday, unchanged from Friday.

Other than direct intervention on the foreign exchange market, interest rates - interbank

rates in particular - are the government's only weapon in defending the Hong Kong dollar.

As local interest rates fall, lovestors turn to
U.S. dollar-denominated investments, thereby reducing the value of the local dollar. Higher

interest rates prop up the local currency.

Dealers said that because of the large inflow of capital, the differential between Hong Kong and U.S. interest rates has widened to more than 3 percentage points, from about 2 points

just two weeks ago.
On Saturday, Hong Kong's two major banks
cut their prime lending rate by 0.5 of a percentage point, to 6 percent, effective Monday, to keep that rate in line with interbank rates.

Dealers said speculation was led by Europe-an and American investors after remarks in mid-November by David C. Mullord, the assistant U.S. Treasury secretary, who said that Hong Kong, Taiwan, Singapore and South Korea should let their currencies rise to reduce their trade surpluses with the United States. Hong Kong officials have said repeatedly

that they do oot plan to change the link rate. Dealers said that with the current low interest rates, Hong Kong has little room to maneu-

ver if speculation persists, other than through the imposition of negative interest rates. "It is still too early to talk about oceative interest rates," Mr. Yam said. "But we can charge fees on large deposits of money in the banking system.

Dealers said that they do not expect the government to impose fees on deposits. "I don't think we will see oegative rates in the oear zation. term," a European banker said. "Usually speculation ends in a few weeks."

Hong Kong has oot used such fees, despite frequent speculation of a change in the peg. The link was set in October 1983 to pull the currency out of a steep decline caused by fears over and wage hold-downs. the British colony's political future. Hoog Kong officials say the peg is still need-

"Most people in Hong Kong believe there will be no change," said David Townsend, deputy foreign exchange manager at the Hoogkong and Shanghai Banking Corp. "But we find it difficult to convince overseas investors."

"If you change it once," he said of the peg, "you'll get more speculation."

### TEENS: In 'Latchkey' Era, a New Power of the Purse

(Continued from first finance page) part-time jobs. lo fact, wristwatch-daytime advertising is directed at daytime advertising is directed at Mom. It's kind of an insult. We can no longer show Mom in the kitchen

talking down to the child. We've got 10 show the teen-ager helping ake some decisions." One result has been a flurry of research into how best to reach teen-agers. Viewers of MTV, the

cable music video channel, see the usual commercials for sodas, snacks and cosmeries. But increasingly they will also spot advertisements for Sara Lee cakes, the National Dairy Association and Raistop Puring cat foods.

Campbell's Chunky Soups made a special MTV ad, a "soup music video" with a teen-ager lip-synch-ing a popular song while warming soup alone in his parents' kitchen.

American Bandstand include the usual chewing gum and motorbike telling parents what they was a support of the s manufacturers. But now Nabisco and Nestle's sell there too. So do wristwatch and camera makers, producers and has hurt others. Surwho are going after the 45 percent of teen-agers with earnings from are falling in popularity as a break-

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most popular major purchase.

For years Seventeen magazine's 1.8 million monthly copies were dominated by shampoo and make-up ads. Toiletries and apparel are still the largest categories, said Al-lan Kalish, Seventeen's research director. But the number of pages devoted to food advertising jumped 31 percent last year with ads for coffee, luncheon meats, cheeses, noodles and baking powder.

Kraft's teen-age magazine ads offer discounts on makeup and curling irons in exchange for proofof-purchase certificates from Kraft food products. "You don't realize how

things are changing, said Billie Gold, MTV's senior research ana-Recent advertisers on ABC-TV's lyst, "until you look at the last American Bandstand include the couple years. Teens are not just parents what they want.

This has proved a boon to some veys of teen-agers show that eggs

fast food, while pastries are rising Chicken noodle soup is now more popular than hot dogs for lunch. For dessert, tecn-age boys prefer grapes to brownies. And strawberries narrowly beat out chewing gum as a snack for teen-age girls.

Many parents apparently sug-gest that their teens rent a movie videotape on their shopping expedition, possibly as a reward; so, many groceries and convenience stores have added video rental sec-

There also is potential for new healthy snack foods as parents encourage teens to gather with friends at home to watch that movie. "Safer at home than on the streets." Ms. Rastovsky said.

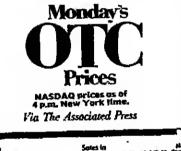
And 60 percent of teen-agers say they influence their family's vacanon choices.

Studies have noted keen interest in physical fitness among teen-agers. It may be just a coincidence, but those chubby little kids who have adorned the Campbell Soup labels for so long are no longer drawn quite so chubby.

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O New York Times, edited by Eugene Maleska.

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'It's a wonder his parents haven't run

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ANDY CAPP



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I NEED CHARLENE
TO WORK THIS
SCAM WITH ALL RIGHT---BUT REMEMBER ONE THING! IT'S





### BOOKS

THE DEVIL IN THE SHAPE OF A WOMAN: Witchcraft in Colonial New England

By Carol F. Karlsen. 360 pages. \$22.95. W. W. Norion & Co., 500 Fifth Avenue, New York, N. Y. 10110.

#### Reviewed by Michiko Kakutani

CONSIDER the following cases: Anne Hutchinson, a midwife who was one of the central figures in Boston's Antinomian controversy (a debate over interpretations of Puritan doctrine) during the 1630s. Criticized for her outspoken theological views, and her visibility as a religious leader. Suspected of being a witch, denounced as a heretic, excommunicated from the church and ordered to leave the colony for good. Sarah Osborne, one of the first women ac-

cused of witchcraft during the Salem outbreak
of 1692. Suspected of living with her much
younger second husband before marrying him,
and of conspiring with him to deprive the two
sons of her former marriage of their inherisons of her former marriage of their mentances. Died in prison before coming to trial.

Just why such women were accused of witchcraft in colonial New England is the subject of Carol Karlsen's thoughtful new study, "The Devil in the Shape of a Woman." Karlsen, a professor of history at the University of Michigan, gives us a feminist interpretation of such events. As she sees it, "Witchcraft confronts us



with ideas about women, with fears about women, with the place of women in society and with women themselves

Karlsen examines the 344 cases in which residents of New England were accused of witchcraft between the years 1620 and 1725. Her findings, among others, are that 78 perceni, were female (and that roughly half of the accused men were husbands, sons or friends of female witches); that the majority were over the age of 40 (that is, past child-bearing age); and that single, widowed or divorced women were proportionately overrepresented among those accused of witchcraft.

She concludes that those individuals who failed to fulfill the principal function of women in Puritan society (to bear children and serve as "helpmeets" to the men) tended to be the most likely victims of witchcraft accusations.

Whereas previous accounts have portraved accused witches as "disagreeable women," "at best aggressive and abrasive, at worst ill-tempered, quarrelsome, and spiteful," Karlsen contends that it was a spiteful, "Karlsen contends that it was a spiteful," tends that it was not so much their behavior that was at issue, as how that "behavior was understood in New England's hierarchical society." Real or perceived antagonism toward the church, adulterous or premarital sexual liaisons, even simple "dissatisfaction with one's lot" (ex-

church, adulterous or prenama seven simple "dissatisfaction with one's lot" (expressed through petitions and court suits ow such matters as property, mistreatment, divorce—all were regarded, says Karlsen, as threats to the social and natural order.

"Puritans" witchcraft beliefs are finally inseparable from their ideas about women and from their larger religious world view," Karlsen writes. "The witch was both the begative model by which the virtuous woman was defined and the focus for Puritan explanations of the problem of evil. . . A central element in these cosmologies, witches explain the presence of not only illness, death, and personal misfortune, but of attitudes and behavior anuthetical to the culture's moral universe."

Karlsen does a masterly job of using demographic data to build and buttress her theories. Although she is less persuasive when she tries

Although she is less persuasive when she tries to extrapolate her argument to make a case for Western societies "systematic violence against women," her book remains remarkably free of ideological cant, and it stands as a provocative and illuminating piece of scholarship.

Michiko Kakutani is on the staff of The New

### **CHESS**

By Robert Byrne

AFTER 10 years the Dutch grandmaster Jan Timman escaped what amounts to a jimx 14 BPxP, NxNP, 15 R-KN1 in winning the most prestigious leaves black a pawn down for event in his country, the Interpolis Tournament in Tilburg, should Linbojevic have venured the fantastic 10. Policy would not seem to world's players during the same hold up against 11 BxN (11 period, has seen others leave PxNP? BxNch; 12 PxB, P-B5; for their own commiss with the 13 BxP, PxB; 14 QxP, B-N2

radically transformed by Liu-development. After 16. . PxP., jevic was helpless against \$"c bojevic's substituting for Timman picked the most force-threat of 32 Q-Q8ch. After 6. . B-K2 the pin 6. . B-N5, ful line a nawn sacrifice with 31. . K-K1; 32 Q-K5!, R-N1;

6. B-K2 the pin 6. B-N5, which brought about the Manhattan Variation.

This line of play commits Black to a counterattack designed to pre-empt White's normal initiative.

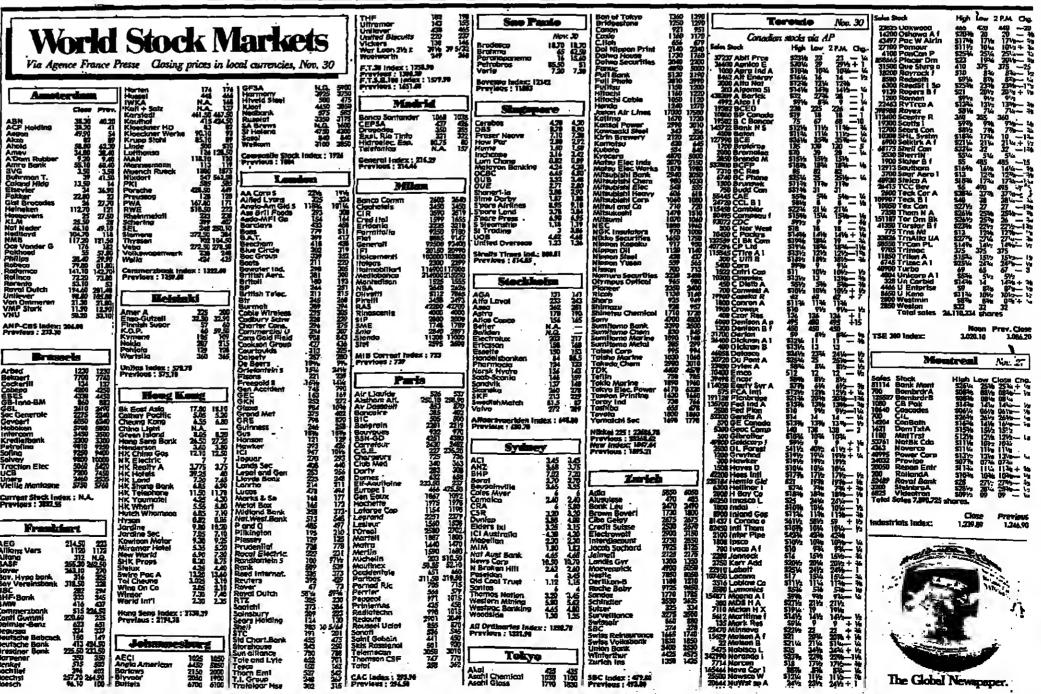
It has been taken for granted that White should restrict Black's choices by exchanging with 7 PxP, PxP to solidify the pawn center, but Timman strongly upholds direct development with 7 P-K3 in this game. The pin-breaking 7. . . PkN4 naturally weakens the black kingside and makes and that's what he wants.

This line of play commits 17 O-O! Ljubojevic avoided 18. . K-K1; 32 Q-K5!, R-N1: 33 BxN1, there could have followed 33. . KxB; 34 N-B\*2h, K-K1; 32 Q-M5th, K-B1; 36 N-K7mate); 35 Q-M5th, K-B1; 20 PxP, N-N4; 21 N-N6!, R-M5th, K-B1; 20 PxP, N-N4; 21 N-N6!, R-M5th, K-M5th, K-M5t

Timman's 9 Q-N3 did not permit 9. . BxNch; 10 PxB, P-KR4? because 11 PxP, P-R5; 12 PxP, PxB; 13 PxNch, BxP; 14 BPxP, NxNP; 15 R-KN1

for their own countries with the first prize. But in the 11th double round-robin running of the Interpolis Timman broke the interpolis Timpan

The Global Newspaper.



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WEST PALM BEACH, Florida — From their grim expres-sions and animated, sometimes caustic, reactions to critical lapses and controversial line calls, one might have thought Ivan Lendl and Pat Cash were playing in the past.

Last summer, they met on the grass courts of Wimbledon with the title of that prestigious unit nament at stake. Their rematch Sunday was played with much less on the line — as an exhibition, its outcome had no bearing on their respective world rankings or their overall records.

But Lendl and Cash, the Wimbledon victor, were playing with more money at stake than ever before. When Lendl, the world's top-ranked player, pot away a soft forehand volley into an open court to win the inaugural Stakes Match, it was worth \$583,200, the largest single prize in tennis

history.

Cash left with no money, although he finished second in the three-day event, losing the unusual five-set final, 11-21, 21-18, 21-7, 22-20. Stephan Edberg and John McEnroe, eliminated on Saturday after two days of round-robin competition, fin-ished with \$234,800 and

five-set match and walk away with nothing," he said, "But I would rather walk away with nothing and win Wimbledon."

No one could ask Cash what he thought: He stormed off the court. As he passed Lendi when leaving the locker room, Lendl recalled, "He said I should buy him dinner in New York.

"Actually, he owes me \$1,800," he quipped. "He was short that in the last game. I could only win what he had left." In a format adapted from golf's skims game, each of the four players was originally staked \$250,000. In the roundrobin portion, each game was worth \$30,000 to the winner; the loser had that amount de-

ducted from his total. Also, each point was worth a specified amount, determined by the number of times the ball crossed the net during a rally (in the round-robin that was \$200 each time; on Sunday it was worth \$400).

The final's 21-point games were worth increasing amounts, starting at \$30,000 and growing by \$30,000 with each game. Thus, the fourth and final game was worth \$120,000. Uoder Florida gambling laws,

the players were not allowed to use their own money when their they stake expired. They were also forced to pay their own \$182,000, respectively.

Lendl was only mildly sympathetic. "It's hard to play a tough the stake expired. They were also forced to pay their own fines. The assessments — \$500

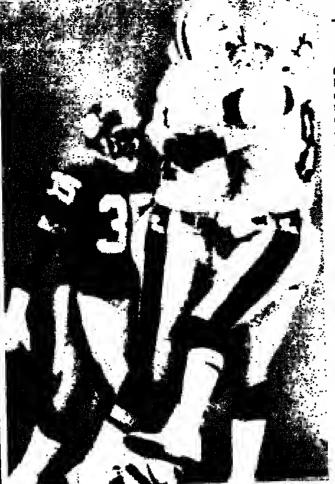
for Lendl, \$2,000 for Cash, \$1,000 for McEnroe — were donated to a local charity.

Known as a slow starter, Lendl said he wasn't worried after losing the first game because it was worth only \$30,000. "If you lose the first game, you're better off," he said. "Even if you lose in straight sets, you're better off."

He had no objection to the format. "There are only four important titles anyway, he said.
"You can just go out there and
play to win. I play six days at
Stratton Mountain [Vermont] and win only \$40,000. Here I win \$583,000 in three days. If I told you anything else, you'd think I was crazy." The format was the idea of

Chuck Fairbanks, a former college and professional football coach who has been a vice presi-dent of Landmark, a resort-promotion company, for four years. We never represented it as pure tennis, never represented it as a tennis tournament," Fairbanks said. "It's just four of the greatest tennis players in the world competing for a lot of money."

For winning the U.S. Open in September, Lendl collected a check for \$250,000. "I think it's good," McEnroe said. "When do I make as much as I did in two days? I came in last and won \$180,000. That's nothing to complain about.



Lonzell Hill, right, embraced Eric Martin after Martin's fourth-period touchdown reception guaranteed New Orleans its first winning season in the 21-year history of the franchise.

# Elway, Broncos Bomb Chargers

but there was no stopping Denver against San Diego (he had been inquarterback John Elway. "We tercepted 12 times and sacked 17 as time expired. rushed him, dropped people off, changed our front, but he's tough Al Saunders said of Elway, who times while throwing only two TD against any team." Charger Coach threw for 347 yards and three passes in seven previous games touchdowns in the Broncos 31-17 National Fontball League victory Elway, "added gas to the fire." here Sunday.

Denver's third straight triumph further tightened the racein the American Conference West, with San Diego now at 8-3, Seattle at 7-3 heading into Monday night's game against the Los Angeles Raiders and the Broncos at 7-3-1.

It was the Chargers' second straight loss and their first at home in five games. Quarterback Dan Fouts completed 23 of 40 passes for 322 yards. It was his 50th career 300yard game, a league record, but two fourth-quarter interceptions ended San Diego's comeback chances. "It was a great win —it keeps us

in the hunt," said Dan Reeves, Denver's coach, "I was especially proud of John. He had some tough games against San Diego."

vards for a touchdown to give the Chargers an early 7-0 lead. The of an injury to Doug Williams, interception return was an NFL passed for 331 yards and three interception return was an NFL passed for 331 yards and three touchdowns to help the Redskins with 9:59 to go in overtime.

New England lost its 12th in a passed fell wards hald by four other players. yards held by four other players. overcome a 16-0 deficit. The out-Elway's reaction: The same as come was in doubt until Dennis to 0-10 in overtime. (AP. UPI)

NFL ROUNDUP

passed for 986 yards and seven four carries. touchdowns in the past three games. His 52-yard pass to Mark Jack-son that put the ball at the San didn't have to punt until there was row and Tampa Bay lost its fourth 1:50 left to play, took their first straight to fail to 5-6. lead of the game on Elway's 46-

9 yards in Vance Johnson as Denver built a 31-10 lead.

Redskins 23, Giants 19: In Washthree-game lead in the National

Conference East and eliminated Elway began poorly, when safety the defending Super Bowl Champi-Vencie Glenn intercepted a pass in on New York Giants from playoff the end zone and returned it 103 contention.

Compiled by Our Staff From Days at the San Diego SAN DIEGO — The San Diego increased when he saw a scoreboard led New York running back Tony Calbreach on the Washington 2 display of his "career lowlights" Galbreath on the Washington 2-

Francisco, Joe Montana threw for 342 yards and four touchdowns, including three to Jerry Rice, who scored three TDs in a game for the

third time this year. Montana was 23-of-31 passing; Rice caught 7 for 126 yards. Moncouldn't solve Elway, who has tana also rushed for 43 yards oo

Rams 35, Buccaneers 3: lo Anahiem. California, NFL rushing leader Charles White ran for 137 Diego 1 set up Sammy Winder's yards and two touchdowns and Jim tying TD with 22 seconds left in the first quarter. The Broncos, who 4-7 Los Angeles won its third in a

yard scoring pass to Ricky Nattiel midway through the second period. Elway added third-quarter scoring passes of 5 yards to Gene Lang and 9 yards in Vance Johnson as Denfor 39.

Eagles 34, Patriots 31: in Foxboro, Massachusetts, Paul McFadington, the Redskins moved to a den kicked a 38-yard field goal with 2:44 remaining in overtime to put Philadelphia past New England. Tooy Fracklin missed two chances to win the game for the Patriots. He missed a 31-yard field

# Wachter Leads a Sweep By Austrians in Slalom

Compiled by Our Staff From Dispatches COURMAYEUR, Italy — Anna (50.23) down the Checronil course Wachter led an unprecedented 1-2-3 at the foot of Mount Blanc, had the sweep by the Austrian women's second-fastest time (49.17) in the gam in a World Cup slalom here second. Monday as last year's losers started off as this season's best performers. "a very important day for me and In gaining her first-ever cup vic-tory, Wachter, 20, also gave Austria

WORLD CUP SKIING

its second victory (Signid Wolf took Saturday's super-giant slalom at Sestriere) out of three women's events in the circuit's opening ever by an Austrian team—men or

39.40 seconds; Ida Ladstaetter was runner-up in 1:39.48 and Ulrike tered by Elisabeth Kirchler, Veronika Vitzihum and Katrin Guten-Majer third in 1:39.53.

team, last season's powerbouse, was Brigitte Gadient - 11th, in a me of 1:41.83.

Favorite Corinne Schmidhauser

ral favorites to drop out, including
Mateja Svet of Yugoslavia, Blanca time of 1:41.83.

Wachter, fifth in the first heat

Wachter said that Monday was the team, Now I am thinking of the Olympic Games, My hopes for a medal have been boosted."

Last season, the Austrian women were consistently shut out by the dominant Swiss in the slalom events, The 1-2-3 placing was the first

women - in a World Cup slalom. round of Alpine skiing.

Wachter was timed in I minute,
39.40 seconds; Ida Ladstaetter was

Weren — in a World Cup slalom.

The previous sweep by the women's team, in a downhill, was registered by Flicabeth Kirchler. Veron The top finisher for the Swiss sohn at Santa Caterina, Italy, in 1984.

The difficult course caused severemaindez-cause of Spain, view Schneider and Brigitte Oertli of Switzerland, and Steiner and Manuela Ruef of Austria. (AP, UPI)

williams fook Lance chomyes 14-point read. After since it wo scoring passes and ran 17 yards for wide 46-yard field goal attempt five yards deep in the Edmonton end another as Edmonton won its 10th yards deep in the Edmonton end title since joining the CFL in 1949. outstanding." by Strike of Switzerland dropped out at the third gate of the second heat, five third gate of the second heat, five schneider and Brightte Ocrtli of Schneider and Br recent at he seconds into the run. She had been Switzerland, and Steiner and Man-

Maryland N.Carolin Duke Ge. Tech

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# Edmonton Defeats Toronto, 38-36, In a Wide-Open Game for CFL Title

The Associated Press

VANCOUVER, British Columbia — Henry Williams raced 115 yards with a missed field goal for the opening score and Jerry Kauric kicked a 49-yard field goal in the final mioute as the Edmonton Eskimos edged the Toronto Argonauts, 38-36, Sunday to capture the 75th Grey Cup championship.

The wide-open game - the Canadian Foothall League's Super Bowl - was the perfect showcase for the troubled league before a sellous crowd of 59,478.

The lead changed hands five times in the final quarter as backup quarterbacks Damon Allen of Edmontoo and Toronto's Danny Barrett engineered hrilliant drives.

Allen was named the most valuable offensive player after complet-ing 15 of 20 passes for 255 yards; he also rushed six times for 46 yards.

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110-yard field for the game's opening touchdown.

The contest also featured two long Toronto TDs - a 61-yard pass play from starting quarter-back Gilbert Renfroe to wide receiver Gil Fenerty, and a 54-yard return with a recovered fumble by linebacker Doug Landry.

The 24-year-old Kauric, rejected hy two other CFL teams earlier this drive, to the Argonaut 42, with his third field goal of the game, wiping out a one-point Toronto lead with 45 seconds to play.

Besides his three field goals, Kauric converted all four Eskimo touchdowns.

Allen directed the Eskimos from the middle of the second quarter, after starter Matt Dunigan was reng 15 of 20 passes for 255 yards; he laced following the fumble that landry returned to give Toronto a season," said Doug Mitchell, the mormally-staid CFL commissioner.

Toronto had taken a 36-35 lead at 12:17 of the fourth quarter when Barrett raced 25 yards for a touchdown on a quarterback draw. The Argonauts failed on a a two-point conversioo attempt, and Allen marched the Eskimos up the field for the winning field goal.

Edmonton had lost by 39-15 to Hamilton a year earlier in one of hy two other CFL teams earlier this season, capped the final Eskimo tory. "All week long our coaches were saying. Your time is going to come, and just be ready. Allen said. "I was confident that if I did get a chance to play I was going to get the job done."

The supercharged game could oot have come at a better time for a league that suffered through a trying season, which included the de-

"It was exactly what we wanted -



Jerry Kauric, whose 49-yard field goal won the Grey Cup game.

# SCOREBOARD

Basketball

NBA Standings

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Cornell 81, Costleton St. SJ. Maine 103, Plymouth St. 87 Massochusetts 84, Keene St. 64 Middlebury 79, Connecticut Col. 70 Widener 86, Muhlenberg 87 ohis St. 84. Wos Sewance 78, Milisaps 69
MIDWEST
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Sales departs SOUTHWEST Pan American St. Trinity (Tex.) 43 Tuisd 48, Arkonsos 47 FAR WEST Alobama 83, Cant. Michigan 90 New Maxico St. 75, Hawaii Pscific 81

TOURNAMENTS
BUDWEISER INVITATIONAL
Champlenship: 1 one 77, 81, Louis 73, 01
Tatrd Place: Canislus 95, Irish Nationals 72
GREAT ALASKA SHOOTOUT
Third Place: Michigan 78, Aig, Birm, 74
Fifth Place: Alask-Anch, 78, Migmi | Fig. 17
Seventh Place: SW Texas St. 88, Despusses 64
LAPCHICK MEMORIAL
Champlenship: St. John's 81, Leanin I Cal. 1 85 impleaship: St. John's M. Leyala (Cal.) 85 Third Place: Horvard 67, Tennessee Tech 82 MAU) CLASSIC MAUI CLASSIC Chempleaship: leve 97. Villeneys 74 Taird Piece: Illinois 81, Konses 75 Fifth Piece: Stanford 69, Baylor 56 Committee Market Metapha 74, Chamban

Seventh Pioce: Nebroska 76 Chaminad SW MISSOURI INVITATIONAL ow ANSOURI INVITATIONAL
Championship: SMU 67, SW ANSOURI 51, 58
Third Place: Son Fron, 82, Jones Modison 78
SAN JUAN SHOOTOUT TELE WELL bin: Va. Com. 79, P.R. Nationals 67 Third Place: Arkensos St. 74, Lamor of Fine Place: Margan St. 100, Cayen (P.R.) 58

European Soccer

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Points: Real Modrid 21: Atielica Modrid 17:
Points: Real Modrid 21: Atielica Modrid 17:
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Conference
AllGames CFL Championship Texas A&AA Arkansas Texas Tch Baylor TCU First Quarter: Edm—Williams 115 missed FG return (Kauric kick), 9:51. Tar—FG Cho-myc 34, 12:34 Second Quarter: Edm—FG Kouric 34, 2:94. TAITMENTS CONTINUES ALTIGOMES W.L.T.P1'S OP W.L.T.P1'S OP W.L.T.P1'S OP 00 07' 121 10 2 0 497 251 6 1 0 208 144 8 3 0 304 245 4 2 0 292 148 9 3 0 377 236 5 3 0 224 185 7 4 0 209 234 4 4 0 231 220 5 7 7 0 357 428 3 5 0 204 222 5 6 0 317 201 2 6 0 172 250 5 7 8 321 342 1 6 0 149 194 1 10 0 210 342 Washingto Ariz. 51. Air Force Th-EIPaso Son Dg 51. Hawali Utah Colo. Si.

myc 34, 12:34
Second Quarter; Edm—FG Kouric 34, 2:04,
Tor—Fenerty 61 poss from Reafroe I Chomyc
kick1, 2:58. Ter—Fenerty 4 rust I Chomyc
kick1, 10:24. Ter—Landry 54 tymble return
(Chomyc kick1, 12:40. Edm—Cyncur 4 poss
from Allen I Kouric kick1, 16:32
Third Quarter: Esm—FG Kouric 22, 3:11.
Tor—FG Chomyc 50, 7:54. Edm—Single
Kouric 48, 10:53.
Fourit Georier: Esm—Kelly 15 poss from
Allen I Kouric kick1, 0:16. Tor—FG Chomyc
12, 3:20. Edm—Allen 17 run (Kouric kick1,
8:21. Ter—Barrelt 25 run i kick failed1, 12:17.
Edm—FG Kouric 49 14:15. TEAM STATISTICS Tor Edm 26 25 5-171 19-127

Pessing Return Yords Comp-Ati-Int Socket-Tords Lost 81 18 13-31-1 23-23-0 3-19 5-49 4-44 4-45 1-0 3-2 5-25 7-25

World Cup Skiing

Antro Wochter, Austria, 50,23-49,17-2. Ide Lodstoetter, Austria. 49.80-49.65 Ulrike Moler, Austria, 50.59-48.94-4. Camilla Nilsson, Sweden, 49,40-50,31-S. Patricia Chaurel, France, 50.52-48.67---6. Claudia Strobi. Austria, 50,76-49.69.

10. Moleo Dezmon, Yugoslovia, 52.07-47,42

WOMEN'S OVERALL STAMORNGS

1. Mateia Svet. Yugoslavia. 40 points

2. Stance Fernandez-Octoo, Sopia, 35

1. Antio Wochier, Austria. 25

4. Sierid Wod, Austria. 25

5. Ide Lodstoetter, Austria, 22

4. Vrent Schneider, Switzerland. 21

7. Christo Kinshoter, West Germany. 20

8. Comitte Milsson, Sweden and Utrike ruler. Austria. 18 18. Sylvia Eder, Austria, 15

**Football** 

NFL Standings

IMDIVIOUAL STATISTICS
Rushine:Teronte, Fenerty 17-106, Borrett 125, Edmonteo, Al. Jones 4-76, Allien 4-46,
Possion: Toronte, Rentroe 9-19-4-123, Borrett 4-12-4-6, Edmonton, Allen 15-29-0-255,
Dunkson 8-12-1-104,
Recziviae: Terente, O.Smith 3-51, Fenerty Cunsum s-13-1-194. Receiving: Teresta, O.Smith 3-51, Feneriv 1-61, Edmeston, House 7-134, Kelly 3-59,

WOMEN'S SLALOM (A) Courtneyour, Holy)

ette Gersch, West Germany, 5239-14.30

WOMEN'S OVERALL STANOINGS

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Indianapolis SI, Housian 27
Auflata 77, Miomi 0
New Orleans 20, Pilinsburgh 16
Philadelphia 34, New Ensland 31, OT
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Hockey NHL Standings

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By Michael Janofsky New York Times Service

NEW YORK - It wasn't much more than a year ago that the final approval was granted, and the Philippines had itself a Winter Olympics team for the first time since 1972. Although there were dark moments in the cam-

paign, persistence and sincerity won out.

Come Feb. 13, when athletes from 60 countries march through McMahon Stadium in Calgary, Alberta, for the opening ceremonies of the XV Winter Games, Raymond Ocampo, a luger, will be marching right along with them, carrying the flag of the Philippines.

Not only did Ocampo learn his sport from scratch, starting barely two years ago, he had to convince Philippine government and Olym-pic officials that his intentions were honorable and within the rules of the International Olym-pic Committee, which allow an athlete to represent his naove country, so long as he has not competed in the same sport for another nation. Still, it took some doing: Ocampo's parents

He's the team.

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BELGRAVIA

left the Philippines 24 years ago. Now 34, he is the chief litigator for a computer firm in Belmont, a small city south of San Francisco. "Luging is hard enough," he said the other day from Calgary, where he was training. The paper trail was the hardest part." Ocampo was struck by the idea of partici-

Puerto Rico, and he knew Puerto Rico was no more a hotbed of cold-weather sports than the Philippines. He began to make a few inquiries.
Ocampo read luge-related material and

watched tapes of the 1980 and 1984 Games. He dry-land trained on a sled with wheels, and last winter he made his racing debut at Lake Placid, New York, finishing seventh in the over-30 division of the Empire State Games. One of those be beat was Tucker. Meanwhile, through the Philippine consul ate in San Francisco, he tried to contact the

ask permission to represent the country in international competition. "People in the Philippines don't know what luge is," he said. "People in America don't know what luge is." By last March, after his debut, he convinced officials at the consulate that he was serious. One official, who was about to leave

Philippine Olympic Committee in Manila to

for Manila on other business, offered to speak to the POC on his behalf. But these were tenuous times in the Philippines. Corazon Aquino's new government had just taken over, and Ocampo suspected the official who was to do his bidding still had ties to the former ruler, Ferdinand E. Marcos, who had fled the country in late February. At least

Philippines' 1-Man Team Set for Olympic Games pating in the Winter Olympics after the 1984 Games in Sarajevo, Yugoslavia. He noticed a luger named George Tucker had represented that's what Ocampo thought when the official was stopped at the airport and his papers were taken, including those relating to Ocampo. "I had to start all over," he said.

The U.S. Luge Federation belped by sending a letter of recommendation to the POC. Ocampo wrote to Aquino's vice president, Salvador H. Laurel, and to Francisco Almeda, the POC's secretary general, who at first rejected the application. But Ocampo persisted. He sent more letters to Almeda, and more

telex messages. Frustrated, he telephoned Al-meda. "I had to convince him I was scrious." Finally, be did. Almeda accepted the application, and in due course, the international federation for luge approved the Philippines

as an Olympic participant. Meanwhile, Ocampo was investing more of himself and his money in the sport. By the Olympics, he figures he will have slid down a course about 400 times and spent \$20,000 for travel, accommodations and equipment. A new sled, alone, costs almost \$700.

Through it all, the honor of representing his native country remains his modvation, although he has not been back to the Philippines since before Marcos left power. "I'm about as dual a citizen as you can be," he said. "Because of my birth and my ancestry,

part of me is always there." **ESCORTS & GUIDES** 

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### **ART BUCHWALD**

# Gorbachev's Itinerary

WASHINGTON — The White Jeep on the show and Vanna White night oil trying to put together an "I'd rather see him on the Phil night oil trying to put together an itinerary for Mikhail Gorbachev. "Scratch Gorby's address to a ioint session of Congress. They won't let him speak there."

Now they tell us. Well, we have to let him speak somewhere. What about asking him to address a day school in Fair-fax, Virginia? Better still,

Revolutioo.

the Daughters of the Americao They're always Buchwald looking for an inspiring message. "I'm oot sure the DAR would

give him a standing ovation. We have to arrange a forum for Gorbachev befitting his position as chief of the U.S.S.R." Perhaps he could address a

\$1,000-a-plate prayer hreakfast for Jerry Falwell."
"Won't it disturb Jerry to share

scramhled eggs with the No. 1 Commie in the world?" "No. Even if he isn't Christian, Gorbachev sells a lot of tables." П

"Well, let's look into it. Now, we promised the Kremlin that Gorby would get TV exposure. What shows do we book him oo?" "What about Wheel of Fortune"? It would be great for Soviet-American relations if Gorby won a "Are we still dragging him

#### Mitterrand Inaugurates **Arab Cultural Center**

The Associated Press PARIS -- The Institute of the Arah World, a Franco-Arab cultural endeavor, was ioaugurated Mooday hy President François

modern Paris architecture with Arab forms and themes. The Insti- of the show." tute will serve as "a meeting place where oew riches of the spirit and the riches shared between France and the Arab world can grow," Mitterrand said. The Institute is made up of France and 20 Arab

Donahue show. It's more serious. Phil could ask what it's like to be

Red rather than dead." Why would Gorby do it?" "He just wrote a book on glasnost and he knows Donahue has the

best show to promote it." I prefer to book him on Johnny Carson. Johnny could do an anti-Soviet monologue and have Gorby in stitches."

Wouldn't it be better to put him on Ted Koppel?"
"We're trying to lighten up the summit. With Koppel you don't get

laughs."
"I'd rather go with Geraldo Rivera. He could open a safe underwater in the Soviet Embassy and have Gorby describe the contents."

"Okay, that takes care of TV. Now what do we do for sightsee-

How about Jim and Tammy Bakker's Heritage U.S.A. park? Gorby would not only get a chance in ride on some very scary amuse-ments, but he could see how we raise money for religion in the United States." "I'd rather send him to Disney-

land."
"We wouldn't let Khrushchev go to Disneyland, so why should we let Gorbachev. Best he attend a pro

football game and let him see our fans in action. That should scare "Are we still dragging him down to Wall Street?"

"No way. All he has to do is show his face on the floor of the exchange and we'll have another Black Monday." There would be no harm in let-

ting him go to Las Vegas. Everyone in Russia says Gorbachev's a crapshooter. "Hold it. Suppose he loses and

demands on-site inspection of all the roulette wheels? What then?" The airy glass and steel structure oo the left bank of the Seine melds see Frank Sinatra and have Frank ask him to stand up in the middle "Good idea. Well, the calendar is

filling up. Here is the last item. We have to find a typical American family for Gorbachev to visit Anybody have any ideas?"

"How about Ferdinand and Imelda Marcos?

# **Zola Auction:** Heirs Accuse

By Steven Greenhouse New York Times Service

ARIS — Emile Zola's famed I newspaper expose, "Faccuse," which defended Captain Alfred Dreyfus against charges of treason, has once again become a cause celebre - this time within the Zola

In October, Sotheby's, the auction house, announced that Brightte Place, the author's great-grand-daughter, had asked it in sell the handwritten manuscript of the 89-

year-old article. But days after the auction was announced, François Emile-Zola, who is not only a grandsoo of the author but is also Place's father, sued to stop the sale of the manu-

And now it is up to the courts to decide whether Sotheby's will be able to auction off the manuscript that helped bring about the release of Dreyfus. The article also caused Zola to be sentenced to a year in prison for libel, and led the author to flee to England.

The manuscript is scheduled to be auctioned Dec. 8 in Monaco, get along very well with his son, along with notes that Zola took François Emile-Zola, and bypassed along with notes that Zola took during his libel trial as well as hundreds of his letters to his wife.

Auction experts estimated that the 39-page "faccuse" manuscript, which appeared on Jan. 13, 1898, in the Paris newspaper L'Aurore, will bring between 3 million and 5 mil-lion French francs (about \$535,000 to \$890,000). Indeed, the manuscript is considered such a valuable part of France's patrimony that the natioo's minister of culture, Francois Léotard, has insisted that no matter who buys it, the manuscript must be kept in France.

Zola's article, which threw the French state into uphcaval, helped establish the practice of robust investigative journalism by detailing the miscarriages of justice in the Dreyfus Affair, in which a young Jewish army captain was sentenced to life imprisonment on Devil's Island. Indeed, Jean Jaurès, an intellectual and political leader of the hidders by matching the highest French left, called Zola's broadside bid.

"the greatest revolutionary act of the century."

In his lawsuit, François Emile-Zola contends that his daughter does not have the right to sell the manuscript according to the will of his father, Jacques Emile-Zola, who was the author's son. The will, dated June 12, 1961, states, "I ask that the mementos left to me by my father and mother never be sold."
He added that "if my inheritors cannot keep all or part of my collection, I ask them to donate it to the Zola museum or to the Bib-liothèque Nationale."

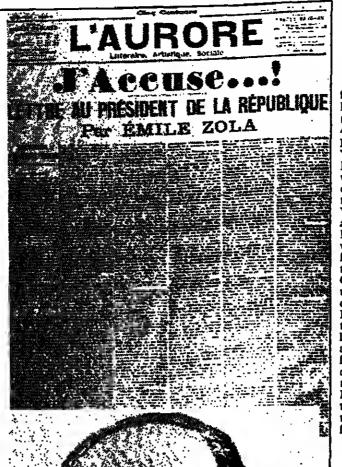
In addition, two other grandchildren of the author are seeking in block the sale on the ground that divulging all the papers would vio-late the author's and the family's

But Place and her lawyers maintain that her father and the others have no right to challenge the auction because it was she, and not they, who inherited the manuscript. Her lawyers state that Jacques Emile-Zola, the writer's son and author of the will at issue, did not him in bequeathing the author's mementos.

According to Place's lawyers, her father should have no say about the disposition of the manuscript be-cause Jacques Emile-Zola's will ceded the mementoes to his spouse and through her, the mementoes passed down to Place. Raoul Castelain, lawyer for Place, argued before the court that Place's father should not be able to complain now because "she had peaceful possessioo of the documents since 1963."

A Paris court is expected to decide this week whether in allow the auction to take place. One judge ordered a temporary delay in the auction, saying that any sale could do "intolerable and irreparable damage" to the interests of the Zola

Under French law, the government has the right to preempt other





Emile Zola and his famous article.

# Bings Fly Back to N.Y. Sir Rudolf Bing, the 86-year-old

47. who fled the United States for prize went to Vasko Vassler, a 17 Britain in April, boarded a New year-old Bulgarian pupil at the York-bound jetliner Monday at London's Heathrow Airport Bing, who suffers from Alzheimer's dis
Jonathan Aaron Stolow, from London Stolow, fr ease, has been declared incompetent to manage his affairs by a New liard York court, which also froze his third. assets of about \$1 million, and Lady Bing was cited for contempt when the couple failed to appear for a hearing in June. In addition, the custodian of Bing's estate, Paul Guth, has been authorized to move to annul the couple's January wedding. Since the Bings arrived in Britain, apparently without funds, they vanished several times in Scotland and the English Midlands. and Bing himself twice disappeared for hours in London. The couple did oot say why they had decided to return. Bing told reporters at Heathrow he was looking forward to returning to America. "I like it tended by Vitaly Gan, a U.S. come there," he said. "We've been here spondent for Pravda, he said Lan for a while, and enough is enough."

Former House Speaker Thomas P. (Tip) O'Neill Jr., recovering from rectal cancer surgery, was re-ported in good condition after a permanent colostomy performed last week. O'Neill, who still faces prostate surgery, has received visits and his spirits are good, according to a spokeswoman for Brigham and Women's Hospital in Boston, Dr. Richard Wilson, the hospital's chief of surgical cancology, said O'Neill about how we can take the fear of can plan to "live an absolutely normal life." O'Neill, who will be 75 on ours." Meanwhile, his daught Dec. 9, retired in January after 34 wrote Reagan and Gorbachev at years in Congress, the last 10 as she wrote twice to a 13-year-old gi speaker.

An 18-year-old Chinese woman, Zhou Qian, took first prize, worth 60,000 francs (more than \$10,000), in the Marguerite Long-Jacques Thibaud competition in Paris, becoming the first from her country to do so since the competition's age 62, will spend six months a ye creation in 1949. She also took in Spain and six months in I prizes for the best recital, virtuosity Soviet. Union under a two-ye and best interpretation of Mozart, contract. In a recent Soviet tele worth another 20,000 francs, and sion documentary, Plisetskaya also captured the hearts of the public at the final concert, which voted any decisions if she could live! her best performer, worth 25,000 life again, and replied: "Nin francs more in prize money. Zhou percent."

former general manager of the China in 1984 and has been study Metropolitan Opera, and his wife, ing since 1985 at the Peabody on the former Carroll Lee Douglass, servatory in Baltimore. Scrool Jonathan Aaron Stolow, from London, who now studies at the Jul. liard School in New York took

> A 13-year-old American gul babeen invited to meet with Ruis Gorbachev, the Soviet leader's wife to discuss setting up a pen-pal pro-gram for U.S. and Soviet children the girl's family says. Laura West eck's family hasn't been told details of the meeting according to her father, Robert L. Weneck, a former White House official. The meeting would come during the Dec. 8-10 summit meeting scheduled is Washington between President Ronald Reagan and Mikhai S Gorbachev. The invitation was c tended by Vitaly Gan, a U.S. come ra's invitatioo came last wee during a Washington dinner the Weneck held for several Sovie journalists. A former lobbyist an White House media liaison officer during the Ford administration Weneck conceded that he hapulled some strings. "I had sever phone conversations with Russia journalists in Washington," is said. "I had to assure them that wasn't an activist and was wa neutral and had no ties to any other agencies. I told them, 'Let's tel in Kiev.

Maya Plisetskaya, the grand dame of the Bolshoi Ballet, k Moscow on Monday to take up new post as artistic director Spain's National Ballet. Plise kaya, who continues to dance

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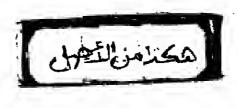
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